GENESCO INC.

1999 Annual Report

THE BUSINESS OF GENESCO

Founded in 1924 in Nashville, Tennessee, Genesco Inc. designs, sources, manufactures, markets and distributes branded shoes. The Company's owned and licensed footwear brands, sold through both wholesale and retail channels of distribution, include Johnston & Murphy, Dockers and Nautica shoes.

Genesco sells footwear at wholesale to more than 2,700 retailers, including a number of leading department, discount and specialty stores and at retail through the Company's own network of 596 retail shoe stores and leased shoe departments, including Johnston & Murphy, Jarman, Journeys, General Shoe Warehouse and Nautica retail stores. Genesco relies primarily on independent third party manufacturers for production of its footwear products.

TABLE OF CONTENTS

Financial Highlights	1
Letter to Shareholders	2
Genesco's Retail Network Map	6
Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Financial Summary	19
Management's Responsibility for Financial Statements	20
Report of Independent Accountants	20
Consolidated Balance Sheet	21
Consolidated Earnings	22
Consolidated Cash Flows	23
Consolidated Shareholders' Equity	24
Notes to Consolidated Financial Statements	25
Board of Directors and Corporate Officers	52
Corporate Information	Inside Back Cover

JOURNEYS
AN ATTITUDE YOU CAN WEAR

Journeys, a 258-unit retail chain located primarily in shopping malls across the United States, markets footwear for men and women ages 13-22.

JOHNSTON & MURPHY

Johnston & Murphy is a premier men's dress shoe brand with an increasing presence in the dress casual and casual footwear markets. Its products are distributed through fine department and specialty stores and men's shoe stores. J&M retail stores are major marketers of dress, dress casual and casual footwear for men. Including its factory stores, J&M operates in 132 retail locations across the United States.

nautica. footwear

Nautica Footwear designs and markets dress casual and casual shoes, hiking boots, boys' shoes and Nautica Sport Tech athletic footwear for men and women under a license from Nautica Apparel.

DOCKERS

Dockers Footwear is the exclusive licensee of Levi Strauss & Co. for the sale, marketing and distribution of Dockers brand footwear.

JARMAN®

Jarman retail stores market an assortment of casual and dress footwear in its 166 retail shoe stores across the United States targeted primarily to men ages 18-35.

VOLUNTEER

Volunteer Leather Company is the leading supplier of performance footwear leathers for the United States armed forces, as well as a leather supplier to leading commercial footwear producers.

FINANCIAL HIGHLIGHTS

Genesco Inc. and Consolidated Subsidiaries

	1999	1998	Percent Change
FOR THE YEAR:			
Net sales	$549,748,000	$536,107,000	3%
Earnings before discontinued operations and extraordinary loss	$ 54,923,000	$ 8,820,000	523%
Net earnings	$ 53,128,000	$ 8,651,000	514%
Diluted earnings per common share before discontinued operations and extraordinary loss	$ 1.89	$ .32	491%
Diluted net earnings per share	$ 1.83	$ .31	490%
AT YEAR END:			
Working capital	$155,778,000	$119,313,000	31%
Long-term debt	$103,500,000	$ 75,000,000	38%
Shareholders' equity	$116,579,000	$ 71,964,000	62%
Shares outstanding	23,839,000	25,776,000	(8%)
Book value per share	$ 4.56	$ 2.43	88%
Approximate number of common shareholders of record	10,000	10,500	

THIS ANNUAL REPORT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS COULD BE MATERIALLY DIFFERENT. FOR A DISCUSSION OF SOME OF THE FACTORS THAT COULD ADVERSELY AFFECT FUTURE RESULTS, PLEASE SEE "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS."

Fiscal 1999 was a year of unexpected challenges, momentum building successes and, ultimately, a renewed sense of confidence for our long-term potential.

The first quarter included the celebration in April of a 26-year record high stock price, reflecting the growth and strength our operations had shown for several consecutive quarters. Then, in the second quarter, Dillard's Inc. acquired the Mercantile Stores Company's chains, resulting in the loss of our leased department business.

"...THE COURAGE TO SUCCEED AND THE WILL TO LAST. WHEN ESTABLISHING THIS MOTTO EARLY IN THE YEAR, I DIDN'T REALIZE HOW QUICKLY WE WOULD BE TESTED. I AM GLAD TO REPORT THAT WE PASSED THE TEST SUPERBLY."

Then, in the early fall, just as we were concluding the exit from our leased departments' business, the retail footwear market generally became soft. Some of our retail businesses' competitors went into major inventory reduction programs and others into liquidation, presenting us with a whole new set of challenges. We are very proud of the Genesco team as it met each of these challenges directly. Thanks to its efforts, we had a terrific fourth quarter and ended the year with our best performance in pretax earnings since 1976.

We had an internal theme last year: The courage to succeed and the will to last. When establishing this motto early in the year, I didn't realize how quickly we would be tested. I am glad to report that we passed the test superbly. As a result of the talent and dedication of our people – their courage and their will – we successfully navigated through the obstacles the year presented.

Besides the 23-year milestone in pretax earnings, Fiscal 1999 was our fourth consecutive year of increasing profits from ongoing operations. On an "apples to apples" basis, excluding extraordinary and non-recurring items, Fiscal 1999 earnings per share increased 15% to $1.15 per diluted share.

As you may have noticed in our year-end earnings release, we are now looking at our business in three ongoing operating segments. These are: Specialty Retail Footwear – including Journeys, Jarman and General Shoe Warehouse; Branded Footwear – including Johnston & Murphy wholesale and retail, Dockers and Nautica; and Leather – our Volunteer Leather tanning operations.

Specialty Retail Footwear net sales increased 13% from the previous year and represented 56% of the Company's ongoing sales. Journeys drove the success of Specialty Retail.

For the year, Journeys reported a 1% same store sales increase and a 32% overall increase to $160 million in sales. We opened 84 new stores for a year-end total of 258 Journeys stores. The new stores are performing well, and we plan to open approximately 50 new Journeys srores in Fiscal 2000.

Following a few disappointing quarters for Jarman, we began in rhe fourth quarter ro see signs that the division is back on rrack. The turnaround in Jarman affirms a remerchandising strategy that we adopted last spring. We refocused on rhe chain's core cusromer, who is slighrly more marure rhan the customer Jarman was targeting until the course correction. We listened ro what he wants and brought back the brands he buys, including Timberland and Rockport, among others. And, based on sales rrends in Jarman since December, the srrategy certainly seems to be working. As we have said before, we conrinue to look for ways to serve this cusromer better.

We opened or converted a toral of 17 Underground Station stores in Fiscal 1999. We are encouraged by the progress we are making in getting the merchandise mix right for the core customer.

Sales in the Branded Footwear segmenr grew by 17% from the previous year and represenred $215 million of rhe Company's toral sales.

Johnston & Murphy led the segment with a total 16% increase in net sales for the year. We are very excited about Johnston & Murphy's progress and potential. Focusing on the customer in almost every phase of his life has resulted in a broader product mix and has dropped the average age of irs customer by 10 years since 1994. And as always, rhe proof is in rhe numbers. Over rhe past three years, Johnsron & Murphy sales have grown at an annual rate of 15%. I believe thar the potential of this brand is simply berter than any men's brand in rhe market today.

Uniquely among our businesses, Johnsron & Murphy is able to advance its lifestyle vision on many fronts, including retail stores, wholesale distribution and a catalog operarion (including more than three years of E-commerce sales). Each of these operations is profitable and each plays a valuable role in representing the Johnston & Murphy brand.

The 132 Johnston & Murphy shops and facrory outlets recorded a same store sales increase of 8% for the year going against a strong comp of 13% the year prior. Our Johnston & Murphy shops' sales per square foot increased to more than $600. We opened a total of 15 new shops and factory stores in Fiscal 1999, including our new flagship store at the corner of 54rh Street and Madison Avenue in New York City. It is a fabulous, 3,000-square-foot tangible representation of

the Johnston & Murphy message. In Fiscal 2000, we plan to open a total of 21 new shops and factory stores.

Johnston & Murphy's wholesale business shows many of the same merchandising trends as the retail shops, as well as an increasing presence in some of the country's leading apparel and footwear retailers. Johnston & Murphy has experienced wonderful success over the past five years in broadening its product line beyond the classic dress shoes it epitomized for more than 100 years. First, it added dress casual and contemporary selections, winning recognition for the freshness of its approach to these products. Then, last fall, Johnston & Murphy took another step in this process by launching the Passport collection of primarily casual shoes. This collection was an immediate hit with our department store customers and resulted in additional table space and expanded selections of Johnston & Murphy product.

"...WITH THE STRENGTH OF OUR BUSINESSES, WE ARE WELL POSITIONED TO CONTINUE PROVIDING, IN THE WORDS OF OUR 75TH ANNIVERSARY THEME, "FOOTWEAR FOR GENERATIONS."

Both Nautica and Dockers also posred sales increases for the year. Nautica sales increased 22% for rhe year, although the division is still growing from a small base. Naurica's botrom line showed rhe ill-effects of disruptions in the business of some of its major customers during the second half of the year. This year, Nautica is putting a major emphasis on all-season shoes, a departure from the heavy focus on boots that the fall line has always featured. This strategy should give Nautica additional sales opportunities the year-round. We shipped our new NST product this Spring, "hooking up" with the launch of the Nautica Sports Tech apparel by our licensor, Nautica Apparel, Inc. Dockers sales were up 12% for the year. Last year, Dockers worked diligently to open new accounts, adding 400 new accounts, mostly independent shoe store chains, during the year. We believe this should position Dockers well for new business in Fiscal 2000.

Finally, we continue to manage our Volunteer Leather operations carefully. For Fiscal 1999, the division showed a small profit in spite of reduced sales and disappointing demand for military leather.

Even outside our ongoing operations, Genesco was busy in Fiscal 1999, with results that we view as positive for our shareholders. In April, we sold $103.5 million of 5 1/2% Convertible Subordinated Notes, using part of the proceeds to retire our 10 3/8% Senior

Notes. Also during the year, we authorized the reputchase of up to 4.8 million shares of our common stock. As of April 30, 1999, 3.6 million shares had been repurchased at an aggregate cost of approximately $25 million.

In July, we completed the sale of our western boot business. Throughout the summer, fall and winter we managed the phase-out of the Mercantile leased departments business. To make up for the loss of leased departments' sales volume, we accelerated the store opening schedule for our Journeys chain. Even though we would not have volunteered for this transition, a comparison of Journeys' operating results in recent years with those of the leased departments indicates that it should be a long-term plus for Genesco.

Strategically, as we move forward, I believe we have a sound roadmap in place for realizing our vision. I see three guiding principles for Genesco at this point in its history: First, after several years of divesting unprofitable and non-core operations, we are convinced that our current ongoing operations provide us with a good base for long-term success as an independent public company. Second, to achieve that success, we are committed to disciplined, responsible management, controlling our expenses and managing our assets for growth and profitability. To assist us in realizing that commitment, this April we became the first footwear company to announce plans to fully implement the Economic Value Added (EVA®) financial management and incentive compensation system. EVA focuses on both improving operating profitability and using the optimal level of assets required to generate profits. Finally, and most exciting, we will remain conscious of the opportunities in our businesses – some of the best in the footwear industry – and be ready to do what it takes to realize our tremendous potential.

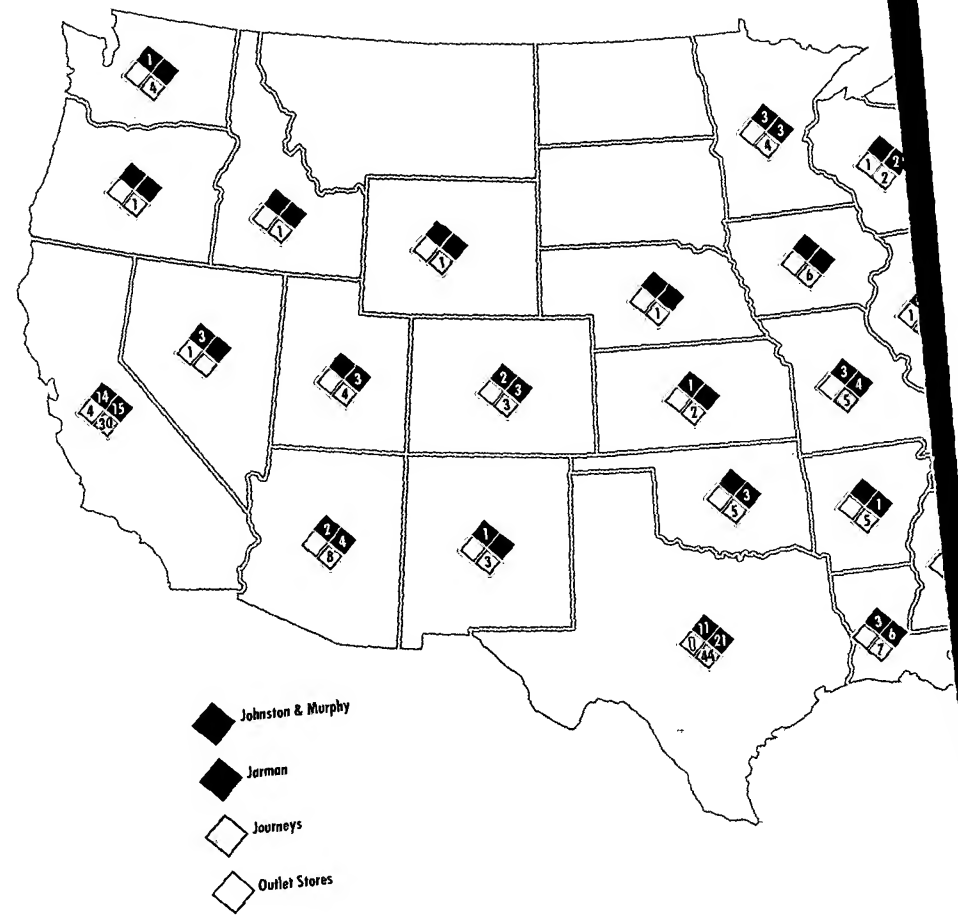
As we move through Fiscal 2000, I am inspired by the fact that we are celebrating 75 years of leadership in the footwear industry. I am proud to not only have led this company for the past two years, but also to have been a part of 32 of Genesco's 75 years of market leadership. I believe that with the commitment of our people – the courage to succeed and the will to last that I talked about in the beginning – and with the strength of our businesses, we are well positioned to continue providing, in the words of our 75th anniversary theme, "Footwear for Generations."

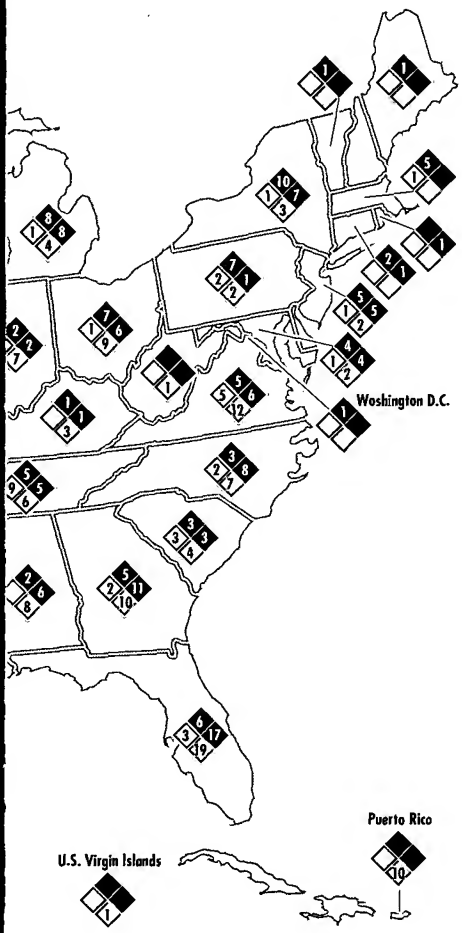
Sincerely,

Ben T. Harris
President and Chief Executive Officer

EVA is a registered trademark of Stern Stewart & Co.

Genesco's Retail Network





GENESCO'S NETWORK OF 596 RETAIL STORES REACH ACROSS THE UNITED STATES.

Johnston & Murphy retail stores are major marketers of dress, dress casual and casual footwear for men ages 25-54. Including its factory stores, Johnston & Murphy operates 132 locations across the United States.

Jarman retail shoe stores market casual footwear to men ages 18-35 in its 166 retail store locations.

Journeys, a 258-unit retail chain, is a major marketer of casual footwear for men and women ages 13-22.

Outlet stores – Genesco owns and operates 16 General Shoe Warehouse stores and leased departments and 24 Nautica leased departments. General Shoe Warehouse features name brand men's, women's and children's footwear.

This discussion and the notes to the Consolidated Financial Statements include certain forward-looking statements. Actual results could differ materially from those reflected by the forward-looking statements in the discussion and a number of factors may adversely affect future results, liquidity and capital resources. These factors include changes in consumer demand or tastes that affect sales in the Company's retail stores or sales by its Branded Footwear operations at wholesale, changes in business strategies or directions of the Company's competitors, the Company's ability to open, staff and support additional retail stores on schedule and at acceptable expense levels, the cost and availability of externally sourced products and the acceptance of planned new product offerings. Failure by the Company to successfully complete its plans for addressing the Year 2000 issue, discussed elsewhere in this report, or failures related to the issue by key suppliers of goods or services to the Company or by the customers of the Company could also result in a failure to meet expectations reflected in forward-looking statements. Other factors that could also lead to such a failure to meet expectations reflected in forward looking statements include international trade developments affecting foreign sourcing of products, the outcome of various litigation and environmental contingencies, including those discussed in Note 17 to the Consolidated Financial Statements, the solvency of the wholesale customers of the Company and the ability to deal with changes in markets for the Company's products. Although the Company believes it has an appropriate business strategy and the resources necessary for its operations, future revenue and margin trends cannot be reliably predicted and the Company may alter its business strategies to address changing conditions.

Significant Developments

5 1/2% Convertible Subordinated Notes

On April 9, 1998, the Company issued $103.5 million of 5 1/2% convertible subordinated notes due April 15, 2005. During the second quarter of Fiscal 1999 the Company used: 1) $79.9 million of the proceeds to repay all of the Company's 10 3/8% senior notes including interest and expenses incurred in connection therewith, resulting in an extraordinary loss, net of tax, of $2.2 million; 2) $1.3 million of the proceeds to pay dividends in arrears because of certain covenants in the indenture relating to the senior notes, and 3) the remaining proceeds for general corporate purposes. See Note 10 to the Company's Consolidated Financial Statements.

Leased Department Transition

Under an agreement with Mercantile Stores Company, Inc. the Company operated the men's shoe departments in Mercantile department stores through the Company's Jarman Lease division. Because of the acquisition of Mercantile by Dillards Inc., the Company has ended its operation of the leased departments. The Company had 78 Jarman leased departments at January 30, 1999. Of those 78 leased departments, 64 have been transferred to Dillards Inc. and the Company ended operations of the remaining 14 leased departments on April 3, 1999. Net sales of the Company's Jarman leased departments' business were approximately $47.4 million, $52.3 million and $47.7 million for Fiscal 1999, 1998 and 1997, respectively. The operating earnings for the Company's Jarman leased departments' business were approximately $2.1 million, $4.1 million and $4.1 million for Fiscal 1999, 1998 and 1997, respectively. The Jarman leased departments had inventory of $9.1 million and total assets of $13.0 million at January 30, 1999.

Workforce Reduction

In connection with the divestiture of the western boot business and the substantial completion of the exiting of the Jarman leased department business, the Company reviewed the structure and level of staffing in all of its operations. Upon completion of the review, the Company recorded a $1.3 million charge to earnings included in selling and administrative expenses for a workforce reduction of 66 positions, of which 12 positions were eliminated by January 30, 1999. Twenty-six of the positions eliminated related to the Jarman Lease division, with the remainder being primarily employed at corporate headquarters.

Share Repurchase Program

During the third quarter ended October 31, 1998, the Company authorized the purchase, from time to time, of up to 2.6 million shares of the Company's common stock. During the fourth quarter ended January 30, 1999, the Company authorized an additional 2.2 million shares to be repurchased. The purchases may be made on the open market or in privately negotiated transactions. As of January 30, 1999, the Company had repurchased 2.3 million shares at a cost of $12.2 million.

Fiscal 1998 Restructuring, Asset Impairment and Other Charges

As a result of the continued weakness in the western boot market, the Company approved a plan (the "Boot Divestiture") in the fourth quarter of Fiscal 1998 to exit the western boot business. In connection with the Boot Divestiture, the Company recorded a charge to earnings of $17.3 million in the fourth quarter, including $11.3 million in asset writedowns. The carrying value of the assets held for sale was reduced to fair value based on estimated selling values less estimated costs to sell. The charges related to the Boot Divestiture also included $3.2 million in employee-related costs and $2.8 million of facility shutdown and other costs. Net sales of the Company's wholesale western boot business for Fiscal 1999, 1998 and 1997 were $11.9 million, $45.4 million and $56.1 million, respectively. The operating losses for the Company's wholesale western boot business for Fiscal 1999, 1998 and 1997 were $1.4 million, $3.7 million and $2.2 million, respectively.

On June 12, 1998, the Company and Texas Boot, Inc. entered into an agreement providing for the purchase by Texas Boot, Inc. of most of the assets related to the western boot business, including the Company's 26 store Boot Factory retail chain, which the Company had not planned to include in the Boot Divestiture. Net sales of the Company's Boot Factory retail chain for Fiscal 1999, 1998 and 1997 were $4.7 million, $13.9 million and $14.2 million, respectively. The operating losses for the Company's Boot Factory retail chain for Fiscal 1999 and 1997 were $0.5 million and $0.8 million, respectively. The operating income for the Company's Boot Factory retail chain for Fiscal 1998 was $0.2 million. The Company completed the sale of its western boot business to Texas Boot, Inc. on July 14, 1998.

Net earnings for the second quarter ended August 1, 1998 reflects a restructuring gain of $2.4 million primarily from the Boot Divestiture. The $2.4 million gain represents savings of expected employee-related costs and facility shutdown costs because the buyer continued to operate a manufacturing facility that the Company would have closed and retained certain employees whose position the Company would have eliminated.

The Company's actions relating to the Boot Divestiture resulted in the elimination of 622 jobs, including all positions related to the western boot business and the Boot Factory retail chain.

In addition to the charge related to the Boot Divestiture, the Company took a charge of $0.6 million during the fourth quarter of Fiscal 1998 to consolidate staff in one operating division as well as to account for the costs of eliminating a production process at its remaining footwear plant.

During the second quarter of Fiscal 1998, the Company recorded a restructuring gain of $1.1 million and losses from an asset impairment and other charges of $0.8 million resulting in a net gain of $0.3 million reported in the income statement. The restructuring gain relates to both the Manufacturing Restructuring discussed below and a restructuring plan adopted in the third quarter of Fiscal 1995 (the "1995 Restructuring"). It arose primarily from the sale of one facility and cancellation of leases on two facilities (including one facility included in the 1995 Restructuring) more quickly and on more favorable terms than contemplated when the reserves were established. The asset impairment and other charges during the second quarter of Fiscal 1998 arose from the decrease in production in one of the Company's western boot plants in response to the continued weakness in the western boot market. The asset impairment and other charges related to excess equipment, including $0.1 million of equipment covered by operating leases.

Manufacturing Restructuring

The Company approved a plan ("the Manufacturing Restructuring") in the third quarter of Fiscal 1997 to realign its manufacturing operations as part of an overall strategy to focus on marketing and global sourcing. The Manufacturing Restructuring included closing the Company's Hohenwald, Tennessee western boot plant by July 1997 with the elimination of approximately 190 jobs. In connection with the adoption of the Manufacturing Restructuring, the Company recorded a charge to earnings of $1.7 million in Fiscal 1998, including $0.5 million in asset write-downs of the plant and excess equipment to estimated market value and $1.2 million of other costs. Included in other costs are employee severance, facility shutdown and lease costs.

Results of Operations—Fiscal 1999 Compared to Fiscal 1998

The Company's net sales for Fiscal 1999 increased 2.5% to $549.7 million from $536.1 million in Fiscal 1998. Pro forma for the Boot Divestiture including the western boot retail stores, the Company's net sales increased 11.8% to $533.2 million in Fiscal 1999 from $476.8 million in Fiscal 1998. Gross margin for Fiscal 1999 increased 9.4% to $243.9 million in Fiscal 1999 from $222.9 million in Fiscal 1998 and increased as a percentage of net sales from 41.6% in Fiscal 1998 to 44.4% in Fiscal 1999. Selling and administrative expenses in Fiscal 1999 increased 11.3% from Fiscal 1998 and increased as a percentage of net sales from 34.8% in Fiscal 1998 to 37.8% in Fiscal 1999.

Earnings before income taxes, discontinued operations and extraordinary loss ("pretax earnings") for Fiscal 1999 were $31.1 million compared to $8.9 million for Fiscal 1998. Pretax earnings for Fiscal 1999 reflects a restructuring gain of $2.4 million primarily from the Boot Divestiture and $2.3 million of other non-recurring charges, primarily litigation and severance charges. Pretax earnings for Fiscal 1998 reflects an $18.0 million restructuring charge incurred primarily in connection with the Boot Divestiture, $0.9 million of other non-recurring charges, primarily severance and litigation charges, and a net gain of $0.3 million in the second quarter related to restructurings and asset impairments as discussed in detail above.

Net earnings in Fiscal 1999 were $53.1 million ($1.83 diluted earnings per share) compared to $8.7 million ($0.31 diluted earnings per share) for Fiscal 1998. In addition to the charges to earnings discussed above, Fiscal 1999 earnings included a tax benefit of $23.8 million, a gain from discontinued operations, net of tax, of $0.5 million ($0.01 diluted earnings per share) and an extraordinary charge, net of tax, of $2.2 million ($0.07 diluted earnings per share) for the early retirement of debt. Fiscal 1998 net earnings included an extraordinary charge of $0.2 million ($0.01 diluted earnings per share) for the early retirement of debt.

The Fiscal 1999 tax benefit of $23.8 million relates to reversal of valuation reserves on deferred tax assets in the fourth quarter of Fiscal 1999. The reversal related to reassessment by the Company of the levels of valuation allowances. The Company concluded it is more likely than not that the increased levels of deferred tax assets will be realized due to increased levels of profitability, future income projections and the substantial removal of uncertainties surrounding the Company's divestitures.

Specialty Retail Footwear

	Fiscal Year Ended		
	1999	1998	% Change
		(dollars in thousands)	
Net sales	**$299,462**	$264,125	13.4%
Operating income	**$ 26,902**	$ 29,790	(9.7)%
Operating margin	**9.0%**	11.3%	

Primarily due to a 24% increase in average Specialty Retail Footwear stores operated, net sales from Specialty Retail Footwear operations increased 13.4% for Fiscal 1999 compared to Fiscal 1998. The average price per pair of shoes decreased 3% in Fiscal 1999 while unit sales increased 18% during the same period.

The Company's comparable store sales and store count for Specialty Retail Footwear at the end of the periods were as follows:

		Store Count Fiscal Year End	
	Comparable Sales Changes	**1999**	1998
Journeys	1%	**258**	176
Jarman Retail	-7%	**166**[1]	158
Jarman Lease	-13%	**78**	84
General Shoe Warehouse	0%	**16**	12
Total Specialty Retail Footwear	-4%	**518**	430

[1] *Includes seventeen Underground Station stores.*

Specialty Retail Footwear operating income for Fiscal 1999 was down 9.7% to $26.9 million compared to $29.8 million in Fiscal 1998. The decline reflected increased expenses as a percentage of sales, primarily due to the 24% increase in average Specialty Retail Footwear stores operated and the decline in comparable store sales, which resulted in increased occupancy related expenses and selling salaries.

Branded Footwear

	Fiscal Year Ended		
	1999	1998	% Change
		(dollars in thousands)	
Net sales	**$214,829**	$183,458	17.1%
Operating income	**$ 22,186**	$ 19,311	14.9%
Operating margin	**10.3%**	10.5%	

Branded Footwear net sales increased 17.1% to $214.8 million in Fiscal 1999 from $183.5 million in Fiscal 1998, reflecting primarily an 8% increase in comparable store sales for Johnston & Murphy Retail, a 15% increase in average Branded Footwear retail stores operated and an increase in men's branded wholesale sales. The store count for Branded Footwear retail operations at the end of Fiscal 1999 included 132 Johnston & Murphy stores and factory stores and 24 Nautica Retail leased departments compared to 127 Johnston & Murphy stores and factory stores and four Nautica Retail leased departments at the end of Fiscal 1998. The average price per pair of shoes for Branded Footwear retail increased 2% in Fiscal 1999 and unit sales increased 14% during the same period. Unit sales for the Branded Footwear wholesale businesses increased 19% in Fiscal 1999 while the average price per pair of shoes decreased 4% for the same period.

Branded Footwear operating income for Fiscal 1999 increased 14.9% from $19.3 million in Fiscal 1998 to $22.2 million in Fiscal 1999, primarily due to increased sales and increased gross margin as a percentage of sales.

Leather

	Fiscal Year Ended		
	1999	1998	% Change
		(dollars in thousands)	
Net sales	**$18,897**	$29,218	(35.3)%
Operating income	**$ 854**	$ 1,511	(43.5)%
Operating margin	**4.5%**	5.2%	

Leather net sales decreased 35.3% to $18.9 million in Fiscal 1999 from $29.2 million in Fiscal 1998, primarily due to lower orders from military footwear suppliers, which were impacted by a decrease in demand for leather military footwear, which makes up the bulk of the Company's tanned leather business.

Leather operating income for Fiscal 1999 decreased from $1.5 million in Fiscal 1998 to $0.9 million in Fiscal 1999, primarily due to lower sales and increased expenses as a percentage of sales.

Corporate, Non-recurring and Interest Expenses

Corporate and other expenses for Fiscal 1999 were $10.9 million compared to $30.4 million for Fiscal 1998 (exclusive of a restructuring gain of $2.4 million and non-recurring charges of $2.3 million, primarily litigation and severance charges, in Fiscal 1999 and a restructuring charge of $17.7 million and non-recurring charges of $0.9 million, primarily litigation and severance charges, in Fiscal 1998), a decrease of 6.5%. The decrease in corporate expenses in Fiscal 1999 is attributable primarily to decreased compensation expense, including decreased bonus accruals.

Interest expense decreased 9.1% from $10.2 million in Fiscal 1998 to $9.3 million in Fiscal 1999, primarily due to the decrease in interest rates on the Company's long-term debt from 10 3/8% on $75 million borrowings to 5 1/2% on $103.5 million borrowings. Interest income increased 101% from $1.3 million in Fiscal 1998 to $2.6 million in Fiscal 1999, due to increases in average short-term investments as a result of the increased cash from the Boot Divestiture and the net proceeds from the issuance of $103.5 million of 5 1/2% convertible subordinated notes. There were no borrowings under the Company's revolving credit facility during either Fiscal 1999 or Fiscal 1998.

Results of Operations—Fiscal 1998 Compared to Fiscal 1997

The Company's net sales for Fiscal 1998 increased 16.2% to $536.1 million from $461.3 million in Fiscal 1997. Pro forma for the Boot Divestiture including the western boot retail stores, the Company's net sales increased 21.9% to $476.8 million in Fiscal 1998 from $391.0 million in Fiscal 1997. Gross margin for Fiscal 1998 increased 19.2% to $222.9 million in Fiscal 1998 from $187.1 million in Fiscal 1997 and increased as a percentage of net sales from 40.5% in Fiscal 1997 to 41.6% in Fiscal 1998. Selling and administrative expenses in Fiscal 1998 increased 17.1% from Fiscal 1997 and increased slightly as a percentage of net sales from 34.6% in Fiscal 1997 to 34.8% in Fiscal 1998.

Earnings before income taxes, discontinued operations and extraordinary loss ("pretax earnings") for Fiscal 1998 were $8.9 million compared to $10.1 million for Fiscal 1997. Pretax earnings for Fiscal 1998 reflects an $18.0 million restructuring charge incurred primarily in connection with the Boot Divestiture, $0.9 million of other non-recurring charges, primarily severance and litigation charges, and a net gain of $0.3 million in the second quarter related to restructurings and asset impairments as discussed in detail above. Pretax earnings for Fiscal 1997 included a $1.7 million Manufacturing Restructuring charge, a $6.7 million litigation settlement charge and $0.1 million of other non-recurring charges, primarily severance.

Net earnings in Fiscal 1998 were $8.7 million ($0.31 diluted earnings per share) compared to $10.4 million ($0.39 diluted earnings per share) for Fiscal 1997. In addition to the charges to pretax earnings discussed above, Fiscal 1998 net earnings included an extraordinary charge of $0.2 million ($.01 diluted earnings per share) for the early retirement of debt. Fiscal 1997 net earnings included a loss from discontinued operations of $0.2 million ($.01 diluted earnings per share).

Specialty Retail Footwear

	Fiscal Year Ended		
	1998	1997	% Change
	(dollars in thousands)		
Net sales	$264,125	$205,209	28.7%
Operating income	$ 29,790	$ 21,119	41.1%
Operating margin	11.3%	10.3%	

Primarily due to a 10% increase in comparable store sales and a 20% increase in average Specialty Retail Footwear stores operated, net sales from Specialty Retail Footwear operations increased 28.7% for Fiscal 1998 compared to Fiscal 1997. The average price per pair of shoes remained flat in Fiscal 1998 while unit sales increased 28% during the same period.

The Company's comparable store sales increases and store count for Specialty Retail Footwear at the end of the periods were as follows:

		Store Count Fiscal Year End	
	Comparable Sales Changes	1998	1997
Journeys	15%	176	118
Jarman Retail	6%	158	143
Jarman Lease	8%	84	85
General Shoe Warehouse	8%	12	10
Total Specialty Retail Footwear	10%	430	356

Specialty Retail Footwear operating income for Fiscal 1998 was up 41.1% to $29.8 million compared to $21.1 million in Fiscal 1997. The increase reflects increased sales both due to store openings and strong comparable store sales increases and the lower expenses as a percentage of sales.

Branded Footwear

	Fiscal Year Ended		
	1998	1997	% Change
	(dollars in thousands)		
Net sales	$183,458	$151,041	21.5%
Operating income	$ 19,311	$ 15,732	22.7%
Operating margin	10.5%	10.4%	

Branded Footwear net sales increased 21.5% to $183.5 million in Fiscal 1998 from $151.0 million in Fiscal 1997, reflecting primarily a 13% increase in comparable store sales for Johnston & Murphy Retail, a 9% increase in average Branded Footwear retail stores operated and an increase in men's branded wholesale sales. The store count for Branded Footwear retail operations at the end of Fiscal 1998 included 127 Johnston & Murphy stores and factory stores and four Nautica Retail lease departments compared to 119 Johnston & Murphy stores and factory stores at the end of Fiscal 1997. The average price per pair of shoes for Branded Footwear decreased 1% in Fiscal 1998 while unit sales increased 20% during the same period. Unit sales for the Branded Footwear wholesale businesses increased 28% in Fiscal 1998 while the average price per pair of shoes decreased 4% for the same period. The increase in Branded Footwear wholesale sales in Fiscal 1998 included sales of new products introduced by the Company's Nautica division.

Branded Footwear operating income for Fiscal 1998 increased 22.7% from $15.7 million in Fiscal 1997 to $19.3 million in Fiscal 1998, primarily due to increased sales and increased gross margin as a percentage of sales.

Leather

	Fiscal Year Ended		
	1998	1997	% Change
		(dollars in thousands)	
Net sales	$29,218	$34,783	(16.0)%
Operating income	$ 1,511	$ 2,841	(46.8)%
Operating margin	5.2%	8.2%	

Leather net sales decreased 16.0% to $29.2 million in Fiscal 1998 from $34.8 million in Fiscal 1997, primarily due to lower orders from military footwear suppliers, which were impacted by a decrease in demand for leather military footwear, which makes up the bulk of the Company's tanned leather business.

Leather operating income for Fiscal 1998 decreased from $2.8 million in Fiscal 1997 to $1.5 million in Fiscal 1998, primarily due to lower sales and lower gross margin as a percentage of sales.

Corporate, Non-recurring and Interest Expenses

Corporate and other expenses for Fiscal 1998 were $30.4 million compared to $17.9 million for Fiscal 1997 (exclusive of a restructuring charge of $17.7 million and non-recurring charges of $0.9 million, primarily litigation and severance charges, in Fiscal 1998 and a restructuring charge of $1.7 million, a litigation settlement of $6.7 million and non-recurring charges of $0.1 million, primarily severance, in Fiscal 1997), an increase of 26.0%. The increase in corporate expenses in Fiscal 1998 is attributable primarily to increased compensation expense, including performance-related stock based compensation and increased bonus accruals based on the Company's increased earnings before restructuring and other charges.

Interest expense decreased 1% from $10.3 million in Fiscal 1997 to $10.2 million in Fiscal 1998, and interest income decreased 15% from $1.5 million in Fiscal 1997 to $1.3 million in Fiscal 1998 due to decreases in average short-term investments. There were no borrowings under the Company's revolving credit facility during either Fiscal 1998 or Fiscal 1997.

Liquidity and Capital Resources

The following table sets forth certain financial data at the dates indicated.

	Jan. 30, 1999	Jan. 31, 1998	Feb. 1, 1997
		(dollars in millions)	
Cash and short-term investments	**$ 58.7**	$ 49.3	$ 43.4
Working capital	**$155.8**	$119.3	$108.8
Long-term debt (includes current maturities)	**$103.5**	$ 75.0	$ 75.0
Current ratio	**3.1x**	2.6x	2.6x

On April 9, 1998, the Company issued $103.5 million in principal amount of 5 1/2% Convertible Subordinated Notes due 2005. On May 8, 1998, using a portion of the proceeds of the sale of the Convertible Subordinated Notes, the Company redeemed $75 million in principal amount of its 10 3/8% Senior Notes due 2003, at 102.96% of their face value.

Working Capital

The Company's business is somewhat seasonal, with the Company's investment in inventory and accounts receivable normally reaching peaks in the spring and fall of each year. Cash flow from operations is generated principally in the fourth quarter of each fiscal year.

Cash provided by operating activities was $7.5 million in Fiscal 1999 compared to $26.9 million in Fiscal 1998. The $19.4 million decrease in cash flow from operating activities reflects primarily $8.2 million in pension contributions and a $9.4 million reduction in accrued liabilities due to payments related to the Boot Divestiture, changes in timing of interest payments and decreased bonus accruals. Cash provided by operating activities was $26.9 million in Fiscal 1998 compared to $22.4 million in Fiscal 1997. The $4.5 million increase in cash flow from operating activities for Fiscal 1998 compared to Fiscal 1997 reflects a $3.2 million pension contribution that was deferred until February 1998 and improved earnings before restructuring charges.

The $12.3 million increase in inventories at January 30, 1999 from January 31, 1998 levels reflects planned increases in retail inventory to support the net increase of 87 stores in Fiscal 1999 and increases in men's branded wholesale inventory to support growth in certain of the wholesale businesses. The $22.5 million increase in inventories at January 31, 1998 reflects planned increases in retail inventory to support the net increase of 83 stores in Fiscal 1998 and increases in men's branded wholesale inventory to support growth in those businesses and lower than anticipated sales in certain product styles.

Accounts receivable at January 30, 1999 increased $2.8 million compared to January 31, 1998 primarily due to increased sales of men's branded footwear. Accounts receivable at January 31, 1998 decreased $3.9 million compared to February 1, 1997, primarily due to a $4.0 million litigation settlement included in the February 1, 1997 accounts receivable balance.

Cash provided (or used) due to changes in accounts payable and accrued liabilities are as follows:

			Fiscal Year Ended
	1999	1998	1997
		(in thousands)	
Accounts payable	**$ (634)**	$11,209	$10,625
Accrued liabilities	**(3,107)**	(2,456)	(1,665)
	$(3,741)	$ 8,753	$ 8,960

The fluctuations in accounts payable for Fiscal 1999 from Fiscal 1998 and for Fiscal 1998 from Fiscal 1997 are due to changes in buying patterns, payment terms negotiated with individual vendors and changes in inventory levels.

The change in accrued liabilities in Fiscal 1999 was due primarily to payments related to the Boot Divestiture and changes in timing of interest payments. The change in accrued liabilities in Fiscal 1998 was due primarily to payment of a litigation settlement. The change in accrued liabilities in Fiscal 1997 was due primarily to payment of bonuses and to payment of severance costs and liabilities related to the restructurings.

There were no revolving credit borrowings during Fiscal 1999, 1998 and 1997, as cash generated from operations, the Boot Divestiture and cash on hand funded seasonal working capital requirements and capital expenditures. On September 24, 1997, the Company entered into a revolving credit agreement with three banks providing for loans or letters of credit of up to $65 million. The agreement, as amended, expires September 24, 2002.

Capital Expenditures

Capital expenditures were $23.5 million, $24.7 million and $14.6 million for Fiscal 1999, 1998 and 1997, respectively. The $1.2 million decrease in Fiscal 1999 capital expenditures as compared to Fiscal 1998 resulted primarily from a decrease in the number of major renovations in retail stores for Fiscal 1999 versus Fiscal 1998. The $10.1 million increase in Fiscal 1998 capital expenditures as compared to Fiscal 1997 resulted primarily from the net increase of 83 new retail stores in Fiscal 1998 as well as $4.2 million of capital expenditures connected with new system initiatives related to the year 2000.

Total capital expenditures in Fiscal 2000 are expected to be approximately $25.6 million. These include expected retail expenditures of $17.3 million to open approximately 50 Journeys stores, 21 Johnston & Murphy stores and factory stores, seven Jarman Retail stores and five Nautica Retail leased departments and to complete 32 major store renovations. Capital expenditures for wholesale and manufacturing operations and other purposes are expected to be approximately $8.3 million, including approximately $4.8 million for new systems to improve customer service and support the Company's growth.

Year 2000

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal activities.

The Company has determined that it will be required to modify or replace significant portions of its software so that its computer systems will properly utilize dates beyond December 31, 1999. The Company is in the process of upgrading and modernizing its major information systems, including its wholesale and retail operating systems and its financial systems. The replacement systems are expected to be Year 2000 compliant.

The Company is utilizing both internal and external resources to reprogram or replace and test software for Year 2000 compliance. The Company currently has 100% of the estimated human resources it expects to be required in the remediation and testing process committed.

The Company plans to complete its Year 2000 project no later than October 31, 1999. The Company has completed the remediation, including final testing, of approximately 77% of its identified 2.0 million lines of code in its legacy systems. As of the beginning of the first quarter of Fiscal 2000, the Company is using all modules of its new financial system. The Company has implemented a contingency plan that provides for remediation of the existing retail systems, adding an additional 0.5 million lines of code to be remediated. The Company will fully remediate the existing retail systems if certain hurdles in the installation of its new retail systems are not met by July 31, 1999. The Company's existing staffing plan would allow the completion of this contingency plan by the end of October 1999.

The total cost of upgrading most of the Company's major operating systems, including the Year 2000 project for Fiscal Years 1998 through 2000, is estimated at $20.0 million and is being funded through operating cash flows and cash on hand. Of the total project cost, approximately $12.5 million is attributable to the purchase of new software and hardware which has been or will be capitalized. The remaining $8.0 million has been or will be expensed, including projected costs of $2.3 million for Fiscal 2000. Cumulative to date expenditures through Fiscal 1999 are $5.3 million plus cumulative capital expenditures of $9.3 million.

The Company has developed plans for formal communications with all of its significant suppliers and large customers to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 issues. The communications began in the last quarter of Fiscal 1998 which the Company initially completed in the fourth quarter of Fiscal 1999 and the Company anticipates follow-up continuing until the Year 2000 with critical trading partners based on the initial responses. There can be no assurance the systems of other companies on which the Company's systems rely will be timely converted, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have material adverse effect on the Company. The Company is presently developing contingency plans to determine what actions the Company will take if its trading partners are not Year 2000 compliant. The Company expects such contingency plans to be completed by the end of July 1999.

The costs of the project and the date on which the Company plans to complete the Year 2000 modifications are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third party modification plans and other factors. Management uses outside consultants to review the adequacy of its Year 2000 plans. However, there can be no assurance that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes, and similar uncertainties.

Environmental and Other Contingencies

The Company is subject to certain loss contingencies related to environmental proceedings and other legal mattets, including those disclosed in Note 17 to the Company's Consolidated Financial Statements. The Company has made provisions for certain of these contingencies, including provisions of $150,000 in discontinued operations in Fiscal 1997, $250,000 reflected in Fiscal 1998 and $402,000 reflected in Fiscal 1999. The Company monitors these proceedings on an ongoing basis and at least quarterly management reviews the Company's reserves and accruals in relation to each of them, adjusting provisions as management deems necessary in view of changes in available information. Changes in estimates of liability are reported in the periods when they occur. Consequently, management believes that its reserve in relation to each proceeding is a reasonable estimate of the probable loss connected to the proceeding, or in cases in which no reasonable estimate is possible, the minimum amount in the range of estimated losses, based upon its analysis of the facts as of the close of the most recent fiscal quarter. Because of uncertainties and risks inherent in litigation generally and in environmental proceedings in particular, however, there can be no assurance that future developments will not require additional reserves to be set aside, that some or all reserves may not be adequate or that the amounts of any such additional reserves or any such inadequacy will not have a material adverse effect upon the Company's financial condition or results of operations.

Future Capital Needs

The Company expects that cash on hand and cash provided by operations will be sufficient to fund all of its capital expenditures through Fiscal 2000, although the Company may borrow from time to time to support seasonal working capital requirements. The approximately $3.9 million of costs associated with the prior restructurings and the Boot Divestiture that are expected to be incurred during the next twelve months are also expected to be funded from cash on hand. The Company has also authorized the repurchase, from time to time, of up to 4.8 million shares of the Company's common stock. These purchases will be funded from available cash. During the third and fourth quarters of Fiscal 1999, the Company repurchased 2.3 million shares at a cost of $12.2 million.

There were $11.1 million of letters of credit outstanding under the revolving credit agreement at January 30, 1999, leaving availability under the revolving credit agreement of $53.9 million.

The Company's revolving credit agreement restricts the payment of dividends and other payments with respect to capital stock. At January 30, 1999, $48.0 million was available for such payments. The aggregate of annual dividend requirements on the Company's Subordinated Serial Preferred Stock, $2.30 Series 1, $4.75 Series 3 and $4.75 Series 4, and on its $1.50 Subordinated Cumulative Preferred Stock is $300,000.

Market Risk

The following discusses the Company's exposure to market risk related to changes in intetest rates and foteign cutrency exchange rates.

Outstanding Debt of the Company—The Company's outstanding long-term debt of $103.5 million 5 1/2% convertible subordinated notes due April 2005 bears interest at a fixed rate. Accordingly, there would be no immediate impact on the Company's interest expense due to fluctuations in market interest rates. The fair value of the Company's long-term debt was $72.9 million at January 30, 1999 based on dealer quotes.

Cash and Short-Term Investments—The Company's cash and short-term investment balances are invested in financial instruments with original maturities of three months or less. The Company does not have significant exposure to changing interest rates on invested cash at January 30, 1999. As a result, the interest rate market risk implicit in these investments at January 30, 1999, if any, is low.

Foreign Currency Exchange Rate Risk—Most purchases by the Company from foreign sources are denominated in U.S. dollars. To the extent that import transactions are denominated in other currencies, it is the Company's practice to hedge its risks through the purchase of forward foreign exchange contracts. Any gains or losses from such transactions offset gains and losses from the underlying hedged transactions. At January 30, 1999, the Company had $21.2 million of foreign exchange contracts for Italian lira. As of January 30, 1999, a 10% adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts by approximately $1.9 million.

Summary—Based on the Company's overall market interest rate and foreign currency rate exposure at January 30,1999, the Company believes that the effect, if any, of reasonably possible near-term changes in interest rates or fluctuations in foreign currency exchange rates on the Company's consolidated financial position, result of operations or cash flows would not be material.

The Company does not purchase or hold any derivative financial instruments for trading purposes.

Changes in Accounting Principles

The Company implemented Statement of Financial Accounting Standards (SFAS) 128, "Earnings per Share" in the fourth quarter of Fiscal 1998. This statement simplifies the computation of earnings per share (EPS) and requires the disclosure of basic and diluted earnings per share. Under SFAS 128, primary EPS is replaced by "Basic" EPS, which excludes dilution, and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. "Diluted" EPS, which is computed similarly to fully diluted EPS, reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock. The Company has restated all prior period EPS information. For additional information, see Note 15 to the Company's Consolidated Financial Statements.

The Company implemented Statement of Financial Accounting Standards (SFAS) 130, "Reporting Comprehensive Income" in the first quarter of Fiscal 1999. This statement establishes standards for reporting and display of comprehensive income. SFAS 130 requires the minimum pension liability adjustment to be included in other comprehensive income. The adoption of this statement had no impact on the Company's net income or shareholders' equity for Fiscal years 1999, 1998 or 1997.

The Company implemented Statement of Financial Accounting Standards (SFAS) 131, "Disclosures about Segments of an Enterprise and Related Information" in the fourth quarter of Fiscal 1999. The standard requires that companies disclose "operating segments" based on the way management disaggregates the company for making internal operating decisions. For additional information, see Note 18 to the Company's Consolidated Financial Statements.

The Company implemented Statement of Financial Accounting Standards (SFAS) 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" in the fourth quarter of Fiscal 1999. This statement standardizes the disclosure requirements for pensions and other postretirement benefits to the extent practicable, requires additional information on changes in the benefit obligations and fair values of plan assets that will facilitate financial analysis, and eliminates certain disclosures that are no longer as useful. The Company has restated all prior period information. For additional information, see Note 14 to the Company's Consolidated Financial Statements.

In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, effective for fiscal years beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and to measure those instruments at fair value. Under certain conditions, a derivative may be specifically designated as a fair value hedge or a cash flow hedge. The accounting for changes in the fair value of a derivative will depend on the intended use of the derivative and the resulting designation. At this time, management has not fully evaluated the impact of SFAS No. 133.

Inflation

The Company does not believe inflation has had a material impact on sales or operating results during periods covered in this discussion.

FINANCIAL SUMMARY

Genesco Inc. and Consolidated Subsidiaries

In thousands except per common share data, financial statistics and other data	Fiscal Year End 1999	1998	1997	1996	1995
Results of Operations Data					
Net sales	**$549,748**	$536,107	$461,348	$434,575	$462,901
Depreciation and amortization	**9,691**	8,893	7,747	7,354	9,254
Earnings (loss) before interest and taxes	**37,696**	17,722	18,873	5,889	(5,802)
Pretax earnings (loss)	**31,085**	8,860	10,132	(3,756)	(17,757)
Earnings (loss) before discontinued operations and extraordinary loss	**54,923**	8,820	10,554	(3,781)	(18,514)
Discontinued operations	**450**	0	(150)	13,852	(62,678)
Loss on early retirement of debt (net of tax)	**2,245**	169	0	0	0
Net earnings (loss)	**$ 53,128**	$ 8,651	$ 10,404	$ 10,071	$ (81,192)
Per Common Share Data					
Earnings (loss) before discontinued operations and extraordinary loss					
Basic	**$ 2.15**	$ .33	$ .42	$ (.17)	$ (.77)
Diluted	**1.89**	.32	.40	(.17)	(.77)
Discontinued operations					
Basic	**.02**	.00	(.01)	.57	(2.58)
Diluted	**.01**	.00	(.01)	.57	(2.58)
Extraordinary loss					
Basic	**(.10)**	.00	.00	.00	.00
Diluted	**(.07)**	(.01)	.00	.00	.00
Net earnings (loss)					
Basic	**2.07**	.33	.41	.40	(3.35)
Diluted	**1.83**	.31	.39	.40	(3.35)
Balance Sheet Data					
Total assets	**$307,198**	$246,817	$221,654	$197,806	$243,878
Long-term debt	**103,500**	75,000	75,000	75,000	75,000
Capital leases	**36**	279	1,485	2,697	12,400
Non-redeemable preferred stock	**7,918**	7,945	7,944	7,958	7,943
Common shareholders' equity	**108,661**	64,019	45,846	25,947	21,450
Additions to plant, equipment and capital leases	**23,512**	24,725	14,640	8,564	5,750
Financial Statistics					
Earnings (loss) before interest and taxes as a percent of net sales	**6.9%**	3.3%	4.1%	1.4%	(1.3)%
Book value per share	**$ 4.56**	$ 2.43	$ 1.82	$ 1.04	$ .87
Working capital	**$155,778**	$119,313	$108,795	$108,135	$100,731
Current ratio	**3.1**	2.6	2.6	3.2	2.2
Percent long-term debt to total capitalization	**47.0%**	51.1%	58.7%	69.6%	74.8%
Other Data (End of Year)					
Number of retail outlets	**674***	587	504	463	498
Number of employees	**3,650**	4,300	4,050	3,750	5,400

** Includes 78 Jarman lease departments which were divested during the first quarter of Fiscal 2000.*

Reflected in the earnings for Fiscal 1999 was a tax benefit of $23.8 million. See Note 13 to the Consolidated Financial Statements for additional information.

Reflected in the earnings for Fiscal 1999, 1998, 1997 and 1996 were restructuring and other charges of ($2.4) million, $17.7 million, $1.7 million and $15.1 million, respectively. See Note 2 to the Consolidated Financial Statements for additional information regarding these charges. Also reflected in the earnings for Fiscal 1997 was a $6.7 million litigation settlement.

Reflected in the loss for Fiscal 1995 was a restructuring charge of $22.1 million. See Note 2 to the Consolidated Financial Statements for additional information regarding these charges.

Long-term debt and capital leases include current payments. On April 9, 1998, the Company issued $103.5 million of 5 1/2% convertible subordinated notes due 2005. The Company used $80 million of the proceeds to repay all of its 10 3/8% senior notes including interest and expenses incurred in connection therewith.

The Company has not paid dividends on its Common Stock since 1973. See Note 12 to the Consolidated Financial Statements for a description of limitations on the Company's ability to pay dividends.

Management's Responsibility For Financial Statements

Genesco Inc. and Consolidated Subsidiaries

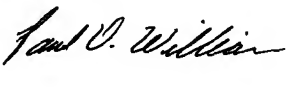
The consolidated financial statements presented in this report are the responsibility of management and have been prepared in conformity with generally accepted accounting principles. Some of the amounts included in the financial information are necessarily based on estimates and judgements of management.

The Company maintains accounting and related internal control systems designed to provide, among other things, reasonable assurance that transactions are executed in accordance with management's authorization and that they are recorded and reported properly. An integral part of the control system is an internal audit program which regularly reviews the internal control systems of the Company and coordinates its activity with the examination by the Company's independent accountants. There are limitations inherent in all systems of internal control, and the Company weighs the cost of such systems against the expected benefits.

The financial statements have been examined by our independent accountants, PricewaterhouseCoopers. Their primary role is to render an independent professional opinion on the financial statements. Their examination, which is performed in accordance with the generally accepted auditing standards, includes a study and evaluation of the Company's accounting systems and internal controls sufficient to express their opinion on those financial statements.

The audit committee of the board of directors, composed entirely of directors who are not employees of the Company, meets regularly with management, the internal auditor and the independent accountants to review the results of their work and to satisfy itself that their responsibilities are being properly discharged. The internal auditor and the independent accountants have full and free access to the audit committee and meet (with and without management present) to discuss appropriate matters.

James S. Gulmi
Senior Vice President – Finance
Chief Financial Officer



Paul D. Williams
Chief Accounting Officer

Report of Independent Accountants

PRICEWATERHOUSECOOPERS

To the Board of Directors and Shareholders of Genesco Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of earnings, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Genesco Inc. and its subsidiaries (the "Company") at January 30, 1999 and January 31, 1998, and the results of their operations and their cash flows for each of the three years in the period ended January 30, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Nashville, Tennessee
February 24, 1999

Consolidated Balance Sheet

Genesco Inc. and Consolidated Subsidiaries

In thousands	As of Fiscal Year End 1999	1998
Assets		
Current Assets		
Cash and short-term investments	**$ 58,743**	$ 49,276
Accounts receivable	**26,258**	20,339
Inventories	**117,213**	102,042
Deferred income taxes	**19,327**	0
Other current assets	**6,719**	5,802
Current assets of operations to be divested	**0**	17,105
Total current assets	**228,260**	194,564
Plant, equipment and capital leases	**58,387**	44,810
Deferred income taxes	**10,370**	935
Other noncurrent assets	**10,181**	5,688
Noncurrent assets of operations to be divested	**0**	820
Total Assets	**$307,198**	$246,817
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 70,606**	$ 72,234
Provision for discontinued operations	**1,876**	3,017
Total current liabilities	**72,482**	75,251
Long-term debt	**103,500**	75,000
Other long-term liabilities	**6,446**	14,258
Provision for discontinued operations	**8,191**	10,344
Total liabilities	**190,619**	174,853
Contingent liabilities (see Note 17)		
Shareholders' Equity		
Non-redeemable preferred stock	**7,918**	7,945
Common shareholders' equity:		
Common stock, $1 par value:		
Authorized: 80,000,000 shares		
Issued: 1999—24,327,109; 1998—26,264,109	**24,327**	26,264
Additional paid-in capital	**126,095**	132,218
Accumulated deficit	**(23,904)**	(75,456)
Accumulated other comprehensive income	**0**	(1,150)
Treasury shares, at cost	**(17,857)**	(17,857)
Total shareholders' equity	**116,579**	71,964
Total Liabilities and Shareholders' Equity	**$307,198**	$246,817

The accompanying Notes are an integral part of these Financial Statements.

CONSOLIDATED EARNINGS

Genesco Inc. and Consolidated Subsidiaries

In thousands, except per share amounts	**1999**	1998	Fiscal Year 1997
Net sales	**$549,748**	$536,107	$461,348
Cost of sales	**305,869**	313,198	274,273
Selling and administrative expenses	**207,840**	186,819	159,518
Restructuring and other charges, net	**(2,403)**	17,706	1,693
Earnings from operations before other income and expenses	**38,442**	18,384	25,864
Other expenses (income):			
Interest expense	**9,250**	10,174	10,289
Interest income	**(2,639)**	(1,312)	(1,548)
Litigation settlement	**0**	0	6,700
Other expenses	**746**	662	291
Total other (income) expenses, net	**7,357**	9,524	15,732
Earnings before income taxes, discontinued operations and extraordinary loss	**31,085**	8,860	10,132
Income taxes (benefit)	**(23,838)**	40	(422)
Earnings before discontinued operations and extraordinary loss	**54,923**	8,820	10,554
Excess provision (provision for) discontinued operations, net	**450**	0	(150)
Earnings before extraordinary loss	**55,373**	8,820	10,404
Extraordinary loss from early retirement of debt, net	**(2,245)**	(169)	0
Net Earnings	**$ 53,128**	$ 8,651	$ 10,404
Basic earnings (loss) per common share:			
Before discontinued operations and extraordinary loss	**$ 2.15**	$ .33	$ .42
Discontinued operations	**$ .02**	$ .00	$ (.01)
Extraordinary loss	**$ (.10)**	$ .00	$ .00
Net earnings	**$ 2.07**	$ .33	$ .41
Diluted earnings (loss) per common share:			
Before discontinued operations and extraordinary loss	**$ 1.89**	$ .32	$ .40
Discontinued operations	**$ .01**	$ .00	$ (.01)
Extraordinary loss	**$ (.07)**	$ (.01)	$ .00
Net earnings	**$ 1.83**	$ .31	$ .39

The accompanying Notes are an integral part of these Financial Statements.

Consolidated Cash Flows

Genesco Inc. and Consolidated Subsidiaries

In thousands	**1999**	1998	Fiscal Year 1997
Operations:			
Net earnings	**$ 53,128**	$ 8,651	$10,404
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	**9,691**	8,893	7,747
Deferred income taxes	**(28,762)**	(520)	(415)
Provision for losses on accounts receivable	**447**	969	2,060
Impairment of long-lived assets and other charges	**0**	831	0
Loss on retirement of debt	**3,651**	169	0
Restructuring charge (gain)	**(2,403)**	16,875	1,693
(Excess) provision for loss on discontinued operations	**(731)**	0	150
Litigation settlement	**0**	0	6,700
Other	**2,344**	1,328	699
Effect on cash of changes in working capital and other assets and liabilities:			
Accounts receivable	**(2,814)**	3,935	(314)
Inventories	**(12,284)**	(22,487)	(10,954)
Other current assets	**(913)**	(1,437)	(192)
Accounts payable and accrued liabilities	**(3,741)**	8,753	8,960
Other assets and liabilities	**(10,082)**	912	(4,136)
Net cash provided by operating activities	**7,531**	26,872	22,402
Investing Activities:			
Capital expenditures	**(23,512)**	(24,725)	(14,631)
Proceeds from businesses divested and asset sales	**14,115**	193	76
Net cash used in investing activities	**(9,397)**	(24,532)	(14,555)
Financing Activities:			
Payments of long-term debt	**(77,220)**	0	0
Payments on capital leases	**(243)**	(1,206)	(1,220)
Stock repurchases	**(12,232)**	0	0
Long-term borrowings	**103,500**	0	0
Dividends paid	**(1,502)**	0	0
Exercise of options and related income tax benefits	**4,056**	3,874	1,202
Deferred note expense	**(3,970)**	0	0
Other	**(1,056)**	893	(4)
Net cash provided by (used in) financing activities	**11,333**	3,561	(22)
Net Cash Flow	**9,467**	5,901	7,825
Cash and short-term investments at beginning of year	**49,276**	43,375	35,550
Cash and short-term investments at end of year	**$ 58,743**	$49,276	$43,375
Supplemental Cash Flow Information:			
Net cash paid (received) for:			
Interest	**$11,112**	$ 9,594	$ 9,887
Income taxes	**23**	375	(42)

The accompanying Notes are an integral part of these Financial Statements.

CONSOLIDATED SHAREHOLDERS' EQUITY

Genesco Inc. and Consolidated Subsidiaries

In thousands	Total Non-Redeemable Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated (Deficit)	Accumulated Other Comprehensive Income	Comprehensive Income	Total Shareholders' Equity
Balance January 31, 1996	$7,958	$24,844	$121,715	$(17,857)	$(94,511)	$(8,244)	$	$ 33,905
Net earnings	0	0	0	0	10,404	0	10,404	10,404
Exercise of options	0	187	455	0	0	0	0	642
Issue shares—Employee Stock Purchase Plan	0	161	399	0	0	0	0	560
Minimum pension liability adjustment	0	0	0	0	0	8,244	8,244	8,244
Other	(14)	3	46	0	0	0	0	35
Comprehensive Income							$18,648	
Balance February 1, 1997	$7,944	$25,195	$122,615	$(17,857)	$(84,107)	$ 0		$ 53,790
Net earnings	0	0	0	0	8,651	0	8,651	8,651
Exercise of options	0	458	2,809	0	0	0	0	3,267
Issue shares—Employee Stock Purchase Plan	0	70	496	0	0	0	0	566
Issue shares—litigation settlement	0	525	6,175	0	0	0	0	6,700
Tax effect of exercise of stock options	0	0	42	0	0	0	0	42
Minimum pension liability adjustment	0	0	0	0	0	(1,150)	(1,150)	(1,150)
Other	1	16	81	0	0	0	0	98
Comprehensive Income							$ 7,501	
Balance January 31, 1998	$7,945	$26,264	$132,218	$(17,857)	$(75,456)	$(1,150)		$ 71,964
Net earnings	0	0	0	0	53,128	0	53,128	53,128
Dividends paid	0	0	0	0	(1,576)	0	0	(1,576)
Exercise of options	0	230	845	0	0	0	0	1,075
Issue shares—restricted stock options	0	67	533	0	0	0	0	600
Issue shares—Employee Stock Purchase Plan	0	107	387	0	0	0	0	494
Tax effect of exercise of stock options	0	0	1,887	0	0	0	0	1,887
Stock repurchases	0	(2,343)	(9,889)	0	0	0	0	(12,232)
Minimum pension liability adjustment	0	0	0	0	0	1,150	1,150	1,150
Other	(27)	2	114	0	0	0	0	89
Comprehensive Income							$54,278	
Balance January 30, 1999	**$7,918**	**$24,327**	**$126,095**	**$(17,857)**	**$(23,904)**	**$ 0**		**$116,579**

The accompanying Notes are an integral part of these Financial Statements.

NOTE 1
Summary of Significant Accounting Policies

Nature of Operations

The Company's businesses include the manufacture or sourcing, marketing and distribution of footwear principally under the Johnston & Murphy, Dockers and Nautica brands, the tanning and distribution of leather by the Volunteer Leather division and the operation at January 30, 1999 of 674 Jarman, Journeys, Johnston & Murphy, General Shoe Warehouse, Underground Station and Nautica retail footwear stores and leased departments. Because of the acquisition of Mercantile by Dillards Inc., the Company will end its operation of the Jarman leased departments. The Company had 78 Jarman leased departments at January 30, 1999. Of those 78 leased departments, 64 have been transferred to Dillards Inc. and the Company ended operations of the remaining 14 leased departments on April 3, 1999. The Jarman leased departments' business contributed sales of approximately $47.4 million, $52.3 million and $47.7 million and operating earnings of $2.1 million, $4.1 million and $4.1 million in Fiscal 1999, 1998 and 1997, respectively. The Jarman leased departments had inventory of $9.1 million and total assets of $13.0 million at January 30, 1999.

Basis of Presentation

All subsidiaries are included in the consolidated financial statements. All significant intercompany transactions and accounts have been eliminated.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

For the year ended February 1, 1997 ("Fiscal 1997"), the Company changed its fiscal year end to the Saturday closest to January 31. As a result, Fiscal 1999 and 1998 had 364 days, while Fiscal 1997 had 367 days. Fiscal Years 1999, 1998, and 1997 ended on January 30, 1999, January 31, 1998 and February 1, 1997, respectively.

Financial Statement Reclassifications

Certain reclassifications have been made to conform prior years' data to the current presentation.

Cash and Short-term Investments

Included in cash and short-term investments at January 30, 1999 and January 31, 1998, are short-term investments of $53.5 million and $45.6 million, respectively. Short-term investments are highly-liquid debt instruments having an original maturity of three months or less.

Inventories

Inventories of wholesaling and manufacturing companies are stated at the lower of cost or market, with cost determined principally by the first-in, first-out method. Retail inventories are determined by the retail method.

Plant, Equipment and Capital Leases

Plant, equipment and capital leases are recorded at cost and depreciated or amortized over the estimated useful life of related assets. Depreciation and amortization expense are computed principally by the straight-line method over estimated useful lives:

Buildings and building equipment	20-45 years
Machinery, furniture and fixtures	3-15 years

Leasehold improvements and properties under capital leases are amortized on the straight-line method over the shorter of their useful lives or their related lease terms.

NOTE 1
Summary of Significant Accounting Policies, Continued

Impairment of Long-Term Assets

The Company periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Asset impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than carrying amount.

Hedging Contracts

In order to reduce exposure to foreign currency exchange rate fluctuations in connection with inventory purchase commitments, the Company enters into foreign currency forward exchange contracts for Italian Lira. At January 30, 1999 and January 31, 1998, the Company had approximately $21.2 million and $15.0 million, respectively, of such contracts outstanding. Forward exchange contracts have an average term of approximately four months. Gains and losses arising from these contracts offset gains and losses from the underlying hedged transactions. The Company monitors the credit quality of the major national and regional financial institutions with whom it enters into such contracts.

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments at January 30, 1999 and January 31, 1998 are:

Fair Values

In thousands	**1999**		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities				
Long-term Debt	**$103,500**	**$72,900**	$75,000	$76,900

Carrying amounts reported on the balance sheet for cash, short-term investments, receivables and accounts payable approximate fair value due to the short-term maturity of these instruments.

The fair value of the Company's long-term debt was based on dealer prices on the respective balance sheet dates.

Postretirement Benefits

Substantially all full-time employees are covered by a defined benefit pension plan. The Company also provides certain former employees with limited medical and life insurance benefits. The Company funds at least the minimum amount required by the Employee Retirement Income Security Act.

The Company implemented Statement of Financial Accounting Standards (SFAS) 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" in the fourth quarter of Fiscal 1999. This statement standardizes the disclosure requirements for pensions and other postretirement benefits to the extent practicable, requires additional information on changes in the benefit obligations and fair values of plan assets that will facilitate financial analysis, and eliminates certain disclosures that are no longer as useful. The Company has restated all prior period information (see Note 14).

Revenue Recognition

Retail sales are recorded net of actual returns, and exclude all taxes, while wholesale revenue is recorded net of returns when the related goods have been shipped and legal title has passed to the customer.

NOTE 1
Summary of Significant Accounting Policies, Continued

Preopening Costs

Costs associated with the opening of new stores are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were $19.4 million, $14.4 million and $13.1 million for Fiscal 1999, 1998 and 1997, respectively.

Environmental Costs

Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated and are evaluated independently of any future claims for recovery. Generally, the timing of these accruals coincides with completion of a feasibility study or the Company's commitment to a formal plan of action. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Income Taxes

Deferred income taxes are provided for all temporary differences and operating loss and tax credit carryforwards limited, in the case of deferred tax assets, to the amount the Company believes is more likely than not to be realized in the foreseeable future.

Earnings Per Common Share

Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities to issue common stock were exercised or converted to common stock. (see Note 15).

Stock-Based Compensation Plans

The Company applies APB Opinion 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized other than for its restricted stock options. (see Note 16).

Comprehensive Income

The Company implemented Statement of Financial Accounting Standards (SFAS) 130, "Reporting Comprehensive Income" in the first quarter of Fiscal 1999. This statement establishes standards for reporting and display of comprehensive income. SFAS 130 requires the minimum pension liability adjustment to be included in other comprehensive income. The adoption of this statement had no impact on the Company's net income or shareholders' equity for Fiscal years 1999, 1998 or 1997.

Business Segments

The Company implemented Statement of Financial Accounting Standards (SFAS) 131, "Disclosures about Segments of an Enterprise and Related Information" in the fourth quarter of Fiscal 1999. The standard requires that companies disclose "operating segments" based on the way management disaggregates the company for making internal operating decisions. (see Note 18).

NOTE 2
Restructurings

Workforce Reduction

In connection with the divestiture of the western boot business and the substantial completion of the exiting of the Jarman leased department business, the Company reviewed the structure and level of staffing in all of its operations. Upon completion of the review, the Company recorded a $1.3 million charge to earnings included in selling and administrative expenses for a workforce reduction of 66 positions, of which 12 positions were eliminated by January 30, 1999. Twenty-six of the positions eliminated related to the Jarman Lease division, with the remainder being primarily employed at corporate headquarters.

Fiscal 1998 Restructuring, Asset Impairment and Other Charges

As a result of the continued weakness in the western boot market, the Company approved a plan (the "Boot Divestiture") in the fourth quarter of Fiscal 1998 to exit the western boot business. In connection with the Boot Divestiture, the Company recorded a charge to earnings of $17.3 million in the fourth quarter, including $11.3 million in asset writedowns. The carrying value of the assets held for sale was reduced to fair value based on estimated selling values less estimated costs to sell. The charges related to the Boot Divestiture also included $3.2 million in employee-related cosrs and $2.8 million of facility shutdown and other costs. Net sales of the Company's wholesale western boot business for Fiscal 1999, 1998 and 1997 were $11.9 million, $45.4 million and $56.1 million, respectively. The operating losses for the Company's wholesale western boot business for Fiscal 1999, 1998 and 1997 were $1.4 million, $3.7 million and $2.2 million, respectively.

On June 12, 1998, the Company and Texas Boot, Inc. entered into an agreement providing for the purchase by Texas Boot, Inc. of most of the assets related to the western boot business, including the Company's 26 store Boot Factory retail chain, which the Company had not planned to include in the Boot Divestiture. Net sales for the Company's Boot Factory retail chain for Fiscal 1999, 1998 and 1997 were $4.7 million, $13.9 million and $14.2 million, respectively. The operating losses for the Company's Boot Factory retail chain for Fiscal 1999 and 1997 were $0.5 million and $0.8 million, respectively. The Company's Boot Factory retail chain had operating income of $0.2 million for Fiscal 1998. The Company completed the sale of its western boot business to Texas Boot, Inc. on July 14, 1998.

Net earnings for the second quarter ended August 1, 1998 reflects a restructuring gain of $2.4 million primarily from the Boot Divestiture. The $2.4 million gain represents savings of expected employee-related costs and facility shutdown costs because the buyer continued to operate a manufacturing facility that the Company would have closed and retained certain employees whose position the Company would have eliminated.

The Company's actions relating to the Boot Divestiture resulted in the elimination of 622 jobs, including all positions related to the western boot business and the Boot Factory retail chain.

In addition to the charge related to the Boot Divestiture, the Company took a charge of $0.6 million during the fourth quarter of Fiscal 1998 to consolidate staff in one operating division as well as to account for the costs of eliminating a production process at its remaining footwear plant.

During the second quarter of Fiscal 1998, the Company recorded a restructuring gain of $1.1 million and losses from an asset impairment and other charges of $0.8 million resulting in a net gain of $0.3 million reported in the income statement. The restructuring gain relates to both a manufacturing restructuring and a restructuring plan adopted in the third quarter of Fiscal 1995 (the "1995 Restructuring"). It arose primarily from the sale of one facility and cancellation of leases on two facilities (including one facility included in the 1995 Restructuring) more quickly and on more favorable terms than contemplated when the reserves were established. The asset impairment and other charges during the second quarter of Fiscal 1998 arose from the decrease in production in one of the Company's western boot plants in response to the continued weakness in the western boot market.

NOTE 3
Accounts Receivable

In thousands	**1999**	1998
Trade accounts receivable	**$23,106**	$19,947
Miscellaneous receivables	**5,430**	3,142
Total receivables	**28,536**	23,089
Allowance for bad debts	**(1,075)**	(988)
Other allowances	**(1,203)**	(1,762)
Net Accounts Receivable	**$26,258**	$20,339

The Company's footwear wholesaling business sells primarily to independent retailers and department stores across the United States. Receivables arising from these sales are not collateralized. Credit risk is affected by conditions or occurrences within the economy and the retail industry. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Two customers each accounted for more than 10% of the Company's trade receivables balance as of January 30, 1999.

NOTE 4
Inventories

In thousands	**1999**	1998
Raw materials	**$ 2,969**	$ 4,452
Work in process	**2,077**	2,261
Finished goods	**33,949**	28,458
Retail merchandise	**78,218**	66,871
Total Inventories	**$117,213**	$102,042

NOTE 5
Plant, Equipment and Capital Leases, Net

In thousands	**1999**	1998
Plant and equipment:		
Land	**$ 263**	$ 263
Buildings and building equipment	**2,729**	2,515
Machinery, furniture and fixtures	**39,587**	34,338
Construction in progress	**8,819**	6,767
Improvements to leased property	**56,790**	51,136
Capital leases:		
Buildings	**200**	200
Machinery, furniture and fixtures	**4,026**	4,777
Plant, equipment and capital leases, at cost	**112,414**	99,996
Accumulated depreciation and amortization:		
Plant and equipment	**(49,993)**	(50,519)
Capital leases	**(4,034)**	(4,667)
Net Plant, Equipment and Capital Leases	**$ 58,387**	$44,810

NOTE 6
Assets of Operations to be Divested

In thousands	1998
Current assets:	
Accounts receivable, net of allowance of $3,325	$ 7,684
Inventory	9,421
Total Current Assets	$17,105
Noncurrent assets:	
Plant and equipment	820
Total Noncurrent Assets	$ 820

NOTE 7
Other Noncurrent Assets

In thousands	**1999**	1998
Other noncurrent assets:		
Prepaid pension cost	**$ 4,728**	$3,299
Investments and long-term receivables	**1,841**	733
Deferred note expense	**3,612**	1,656
Total Other Noncurrent Assets	**$10,181**	$5,688

NOTE 8
Accounts Payable and Accrued Liabilities

In thousands	**1999**	1998
Trade accounts payable	**$33,305**	$33,939
Accrued liabilities:		
Employee compensation	**12,218**	14,179
Taxes other than income taxes	**4,665**	3,826
Rent	**3,574**	2,953
Income taxes	**2,325**	436
Insurance	**2,121**	2,039
Interest	**1,778**	4,200
Other	**10,620**	10,662
Total Accounts Payable and Accrued Liabilities	**$70,606**	$72,234

At January 30, 1999, outstanding checks drawn on certain domestic banks exceeded book cash balances by approximately $7.2 million. These amounts are included in trade accounts payable.

NOTE 9
Provision for Discontinued Operations and Restructuring Reserves
Provision for Discontinued Operations

In thousands	Employee Related Costs*	Other	Total
Balance January 31, 1998	$12,036	$1,325	$13,361
Charges and adjustments, net	(2,343)	(951)	(3,294)
Balance January 30, 1999	9,693	374	10,067
Current portion	1,502	374	1,876
Total Noncurrent Provision for Discontinued Operations	$ 8,191	$ 0	$ 8,191

**Union pension withdrawal liability.*

Charges and adjustments, net includes $731,000 ($450,000 net of tax) of excess provision for discontinued operations restored to income in the fourth quarter of Fiscal 1999 from the favorable resolution of an accounts receivable dispute.

NOTE 9
Provision for Discontinued Operations and Restructuring Reserves, Continued
Restructuring Reserves

In thousands	Employee Related Costs	Facility Shutdown Costs	Other	Total
Balance January 31, 1998	$ 3,593	$ 1,983	$1,532	$ 7,108
Charges and adjustments, net	(3,325)	(1,028)	(547)	(4,900)
Balance January 30, 1999	268	955	985	2,208
Current portion (included in accounts payable and accrued liabilities)	268	787	985	2,040
Total Noncurrent Restructuring Reserves (included in other long-term liabilities)	$ 0	$ 168	$ 0	$ 168

NOTE 10
Long-Term Debt

In thousands	**1999**	1998
10 3/8% senior notes due February 2003	**$ 0**	$75,000
5 1/2% convertible subordinated notes due April 2005	**103,500**	0
Total long-term debt	**103,500**	75,000
Current portion	**0**	0
Total Noncurrent Portion of Long-Term Debt	**$103,500**	$75,000

Revolving Credit Agreement:

On September 24, 1997, the Company entered into a revolving credit agreement with three banks providing for loans or letters of credit of up to $65 million which, as amended, expires September 24, 2002. This agreement replaced a $35 million revolving credit agreement providing for loans or letters of credit. The replacement of the $35 million revolving credit agreement resulted in an extraordinary loss of $169,000, recognized in the third quarter of Fiscal 1998. Outstanding letters of credit at January 30, 1999 were $11.1 million; no loans were outstanding at that date.

Under the revolving credit agreement, the Company may borrow at the prime rate or LIBOR plus 1.5% which may be changed if the Company's pricing ratio (as defined in the credit agreement) changes. Facility fees are 0.425% per annum on $65.0 million and also varies based on the pricing ratio. The revolving credit agreement requires the Company to meet certain financial ratios and covenants, including minimum tangible net worth, fixed charge coverage and debt to equity ratios. The Company is required by the credit agreement to reduce the outstanding principal balance of the revolving loans to zero for 30 consecutive days during each period beginning on December 15 of any fiscal year and ending on April 15 of the following fiscal year. The revolving credit agreement, as amended, contains other covenants which restrict the payment of dividends and other payments with respect to capital stock. In addition, annual capital expenditures are limited to $30.0 million for Fiscal 1998 and thereafter, subject to possible carryforwards from the previous year of up to $3.0 million if less is spent in the current year. The Company was in compliance with the financial covenants contained in the revolving credit agreement at January 30, 1999.

NOTE 10
Long-Term Debt, Continued

10 3/8% Senior Notes due 2003:

On February 1, 1993, the Company issued $75 million of 10 3/8% senior notes due February 1, 2003. These notes were redeemed on May 8, 1998, resulting in a $3.7 million extraordinary loss ($2.2 million net of tax) for early retirement of debt recognized in the second quarter of Fiscal 1999.

5 1/2% Convertible Subordinated Notes due 2005:

On April 9, 1998, the Company issued $103.5 million of 5 1/2% convertible subordinated notes due April 15, 2005. The notes are convertible into 47.5172 shares of common stock per $1,000 principal amount of Notes (equivalent to a conversion price of $21.045 per share of common stock), subject to adjustment. During the second quarter the Company used: 1) $79.9 million of the proceeds to repay all of the Company's 10 3/8% senior notes including interest and expenses incurred in connection therewith, resulting in an extraordinary loss, net of tax, of $2.2 million, 2) $1.3 million of the proceeds to pay preferred dividends in arrears because of certain covenants in the indenture relating to the senior notes, and 3) the remaining proceeds for general corporate purposes.

The indenture pursuant to which the convertible subordinated notes were issued does not restrict the incurrence of Senior Debt by the Company or other indebtedness or liabilities by the Company or any of its subsidiaries.

NOTE 11
Commitments Under Long-Term Leases

Operating Leases

Rental expense under operating leases of continuing operations was:

In thousands	**1999**	1998	1997
Minimum rentals	**$30,121**	$23,398	$18,719
Contingent rentals	**10,598**	11,611	10,270
Sublease rentals	**(993)**	(1,039)	(1,035)
Total Rental Expense	**$39,726**	$33,970	$27,954

Minimum rental commitments payable in future years are:

Fiscal Years	*In thousands*
2000	$ 32,043
2001	30,103
2002	25,921
2003	23,125
2004	21,698
Later years	87,173
Total Minimum Rental Commitments	$220,063

Most leases provide for the Company to pay real estate taxes and other expenses and contingent rentals based on sales. Approximately 6% of the Company's leases contain renewal options.

NOTE 12
Shareholders' Equity
Non-Redeemable Preferred Stock

Class (In order of preference)	Shares Authorized	Number of Shares 1999	1998	1997	Amounts in Thousands 1999	1998	1997	Common Convertible Ratio	No. of Votes
Subordinated Serial Preferred (Cumulative)									
$2.30 Series 1	64,368	**37,128**	37,128	37,123	**$1,485**	$1,485	$1,485	.83	1
$4.75 Series 3	40,449	**19,369**	19,369	19,469	**1,937**	1,937	1,947	2.11	2
$4.75 Series 4	53,764	**16,412**	16,412	16,412	**1,641**	1,641	1,641	1.52	1
Series 6	400,000	**0**	0	0	**0**	0	0		100
$1.50 Subordinated Cumulative Preferred	5,000,000	**30,017**	30,017	30,017	**901**	901	901		
		102,926	102,926	103,021	**5,964**	5,964	5,974		
Employees' Subordinated Convertible Preferred	5,000,000	**73,696**	80,313	80,313	**2,211**	2,409	2,409	1.00*	1
Stated Value of Issued Shares					**8,175**	8,373	8,383		
Employees' Preferred Stock Purchase Accounts					**(257)**	(428)	(439)		
Total Non-Redeemable Preferred Stock					**$7,918**	$7,945	$7,944		

** Also convertible into one share of $1.50 Subordinated Cumulative Preferred Stock.*

Preferred Stock Transactions

In thousands	Non-Redeemable Preferred Stock	Non-Redeemable Employees' Preferred Stock	Employees' Preferred Stock Purchase Accounts	Total Non-Redeemable Preferred Stock
Balance January 31, 1996	$5,994	$2,410	$(446)	$7,958
Other	(20)	(1)	7	(14)
Balance February 1, 1997	5,974	2,409	(439)	7,944
Other	(10)	0	11	1
Balance January 31, 1998	5,964	2,409	(428)	7,945
Other	0	(198)	171	(27)
Balance January 30, 1999	$5,964	$2,211	$(257)	$7,918

Subordinated Serial Preferred Stock (Cumulative):

Stated and redemption values for Series 1 are $40 per share and for Series 3 and 4 are each $100 per share; liquidation value for Series 1—$40 per share plus accumulated dividends and for Series 3 and 4—$100 per share plus accumulated dividends.

NOTE 12
Shareholders' Equity, Continued

The Company's shareholders' rights plan grants to common shareholders the right to purchase, at a specified exercise price, a fraction of a share of subordinated serial preferred stock, Series 6, in the event of an acquisition of, or an announced tender offer for, 10% or more of the Company's outstanding common stock. Upon any such event, each right also entitles the holder (other than the person making such acquisition or tender offer) to purchase, at the exercise price, shares of common stock having a market value of twice the exercise price. In the event the Company is acquired in a transaction in which the Company is not the surviving corporation, each right would entitle its holder to purchase, at the exercise price, shares of the acquiring company having a market value of twice the exercise price. The rights expire in September 2000, are redeemable under certain circumstances for $.01 per right and are subject to exchange for one share of common stock or an equivalent amount of preferred stock at any time after the event which makes the rights exercisable and before a majority of the Company's common stock is acquired.

$1.50 Subordinated Cumulative Preferred Stock:

Stated and liquidation values and redemption price—$30 per share.

Employees' Subordinated Convertible Preferred Stock:

Stated and liquidation values—$30 per share.

Common Stock:

Common stock-$1 par value. Authorized: 80,000,000 shares; issued: January 30, 1999—24,327,109 shares; January 31, 1998—26,264,109 shares. There were 488,464 shares held in treasury at January 30, 1999 and January 31, 1998 not considering the shares repurchased in Fiscal 1999. Each outstanding share is entitled to one vote. At January 30, 1999, common shares were reserved as follows: 170,277 shares for conversion of preferred stock; 847,039 shares for the 1987 Stock Option Plan; 2,131,625 shares for the 1996 Stock Option Plan; 133,333 shares for executive stock options; 79,935 shares for the Restricted Stock Plan for Directors; and 580,061 shares for the Genesco Employee Stock Purchase Plan.

For the year ended January 30, 1999, 403,343 shares of common stock were issued for the exercise of stock options and 2,457 shares were issued as part of the Directors Restricted Stock Plan. In addition, the Company repurchased 2,342,800 shares of common stock. An additional 2,457,200 shares may be repurchased under stock buy back programs announced in August 1998 and January 1999.

For the year ended January 31, 1998, 527,906 shares of common stock were issued for the exercise of stock options and 16,204 shares were issued as part of the Directors Restricted Stock Plan. In addition, 525,495 shares were issued in connection with a $6.7 million litigation settlement reflected in the Fiscal 1997 income statement.

Restrictions on Dividends and Redemptions of Capital Stock:

The Company's charter provides that no dividends may be paid and no shares of capital stock acquired for value if there are dividend or redemption arrearages on any senior or equally ranked stock. Exchanges of subordinated serial preferred stock for common stock or other stock junior to such exchanged stock are permitted.

The Company's revolving credit agreement restricts the payment of dividends and other payments with respect to capital stock. At January 30, 1999, $48.0 million was available for such payments.

The April 9, 1998 indenture, under which the Company's 5 1/2% convertible subordinated notes due 2005 were issued, does not restrict the payment of dividends.

NOTE 12
Shareholders' Equity, Continued

Dividends declared for Fiscal 1999 were as follows:

In thousands	Per Share	Total
Series 1	$ 12.075	$ 448
Series 3	$24.9375	483
Series 4	$24.9375	409
$1.50 Subordinated Cumulative Preferred	$ 7.875	236
Total Dividends Declared		$1,576

Fiscal 1999 dividends declared include $1.3 million in cumulative dividend arrearages from the fourth quarter of Fiscal 1994 through the first quarter of Fiscal 1999.

Changes in the Shares of the Company's Capital Stock

	Common Stock	Non-Redeemable Preferred Stock	Employees' Preferred Stock
Issued at January 31, 1996	24,844,036	103,294	80,313
Exercise of options	186,712	0	0
Issue shares—Employee Stock Purchase Plan	161,329	0	0
Other	2,427	(273)	0
Issued at February 1, 1997	25,194,504	103,021	80,313
Exercise of options	457,848	0	0
Issue shares—Employee Stock Purchase Plan	70,058	0	0
Issue shares—Litigation Settlement	525,495	0	0
Other	16,204	(95)	0
Issued at January 31, 1998	26,264,109	102,926	80,313
Exercise of options	296,543	0	0
Issue shares—Employee Stock Purchase Plan	106,800	0	0
Stock Repurchase	(2,342,800)	0	0
Other	2,457	0	(6,617)
Issued at January 30, 1999	24,327,109	102,926	73,696
Less treasury shares	488,464	0	0
Outstanding at January 30, 1999	23,838,645	102,926	73,696

NOTE 13
Income Taxes

Income tax expense (benefit) from continuing operations is comprised of the following:

In thousands	1999	1998	1997
Current			
U.S. federal	$ 1,789	$505	$ (70)
Foreign	76	55	41
State	47	0	22
Deferred			
U.S. federal	(22,335)	(505)	(415)
Foreign	(237)	(15)	0
State	(3,178)	0	0
Total Income Tax Expense (Benefit)	**$(23,838)**	$ 40	$(422)

Deferred tax assets and liabilities are comprised of the following:

In thousands	January 30, 1999	January 31, 1998
Pensions	$(1,896)	$ (947)
Other	0	(164)
Gross deferred tax liabilities	(1,896)	(1,111)
Net operating loss carryforwards	7,715	8,967
Net capital loss carryforwards	7,826	7,900
Provisions for discontinued operations and restructurings	5,073	13,352
Inventory valuation	2,090	1,873
Expense accruals	5,116	5,497
Allowances for bad debts and notes	703	1,695
Uniform capitalization costs	2,131	2,463
Depreciation	4,355	4,641
Pensions	0	0
Leases	17	28
Other	2,089	1,160
Tax credit carryforwards	2,743	2,809
Gross deferred tax assets	39,858	50,385
Deferred tax asset valuation allowance	(8,265)	(48,339)
Net Deferred Tax Assets	$29,697	$ 935

The Company has net operating loss carryfowards available to offset future U.S. taxable income of approximately $21 million expiring in 2011. The Company also has capital loss carryforwards available to offset future U.S. capital gains of approximately $20 million expiring in 2001.

NOTE 13
Income Taxes, Continued

The Company establishes valuation allowances in accordance with the provisions of FASB Statement No. 109, "Accounting for Income Taxes." The Company continually reviews the adequacy of the valuation allowance and is recognizing these benefits only as the Company believes that it is more likely than not that the benefits will be realized.

The Company previously limited the recognition of deferred tax assets to an amount no greater than the amount of tax refunds the Company could claim as loss carrybacks. In the fourth quarter of Fiscal 1999, due to increased levels of profitability, future income projections and the substantial removal of uncertainties surrounding the Company's divestitures, the valuation allowance was reduced by a net $40.0 million. The Company's remaining valuation allowance relates primarily to the net capital loss carryforwards.

Reconciliation of the United States federal statutory tate to the Company's effective tax rate is as follows:

	1999	1998	1997
U. S. federal statutory rate of tax	**34.00%**	34.00%	34.00%
State taxes (net of federal tax benefit)	**4.50**	4.50	4.50
Release of deferred tax valuation allowance	**(115.38)**	(38.50)	(38.50)
Other	**.19**	0	(2.9)
Effective Tax Rate	**(76.69%)**	0	(2.9%)

NOTE 14
Retirement and Other Benefit Plans

The Company sponsors a non-contributory, defined benefit pension plan. Effective January 1, 1996, the Company amended the plan to change the pension benefit formula to a cash balance formula from the existing benefit calculation based upon years of service and final avetage pay. The benefits accrued under the old formula were frozen as of December 31, 1995. Upon retirement, the participant will receive this accrued benefit payable as an annuity. In addition, the participant will receive as a lump sum (or annuity if desired) the amount credited to their cash balance account under the new formula.

Under the amended plan, beginning January 1, 1996, the Company credits each participants' account annually with an amount equal to 4% of the participanr's compensation plus 4% of the participant's compensation in excess of the Social Security taxable wage base. Beginning December 31, 1996 and annually thereafter, the account balance of each active participant will be credited with 7% interest calculated on the sum of the balance as of the beginning of the plan year and 50% of the amounts credited to the account, other than interest, for the plan year. The account balance of each participant who is inactive will be credited with interest at the lesser of 7% or the 30 year Treasury interest rate.

The Company provides health care benefits for early retirees and life insurance benefits for certain retirees not covered by collective bargaining agreements. Under the health care plan, early retirees are eligible for limited benefits until age 65. Employees who meet certain requirements are eligible for life insurance benefits upon retirement. The Company accrues such benefits during the period in which the employee renders service.

NOTE 14
Retirement and Other Benefit Plans, Continued

Assets and Obligations

The following table sets forth the change in benefit obligation for the respective fiscal year:

	Pension Benefits		Other Benefits	
In thousands	**1999**	1998	**1999**	1998
Benefit obligation at beginning of year	**$97,530**	$91,350	**$2,653**	$2,544
Service cost	**1,575**	1,476	**84**	78
Interest cost	**6,460**	6,644	**180**	180
Plan participants' contributions	**0**	0	**116**	129
Curtailment gain	**0**	(1,354)	**0**	0
Benefits paid	**(8,088)**	(7,031)	**(304)**	(332)
Actuarial loss	**786**	6,445	**46**	54
Benefit obligation at end of year	**$98,263**	$97,530	**$2,775**	$2,653

The following table sets forth the change in plan assets for the respective fiscal year:

	Pension Benefits		Other Benefits	
In thousands	**1999**	1998	1999	1998
Fair value of plan assets at beginning of year	**$84,848**	$81,077	**$0**	$0
Actual return on plan assets	**7,209**	10,802	**0**	0
Employer contributions	**8,221**	0	**188**	203
Plan participants' contributions	**0**	0	**116**	129
Benefits paid	**(8,088)**	(7,031)	(304)	(332)
Fair value of plan assets at end of year	**$92,190**	$84,848	**$0**	$0

At January 30, 1999 and January 31, 1998, there were no Company related assets in the plan. The pension plan assets are invested primarily in common stocks, mutual funds, domestic bond funds and cash equivalent securities.

The following table sets forth the funded status of the plans for the respective fiscal year:

	Pension Benefits		Other Benefits	
In thousands	**1999**	1998	**1999**	1998
Accumulated benefit obligation	**$(92,166)**	$(90,748)	**$(2,775)**	$(2,654)
Future pay increases	**(6,097)**	(6,782)	**0**	0
Projected benefit obligation	**(98,263)**	(97,530)	**(2,775)**	(2,654)
Assets	**92,190**	84,848	**0**	0
Unfunded PBO	**(6,073)**	(12,682)	**(2,775)**	(2,654)
Transition obligation	**2,474**	3,299	**0**	0
Prior service cost	**(1,195)**	(1,318)	**0**	0
Cumulative net (gains)/losses	**9,522**	9,250	**628**	645
(Accrued Benefit Liability)/Prepaid Benefit Cost	**$ 4,728**	$(1,451)	**$(2,147)**	$(2,009)

NOTE 14
Retirement and Other Benefit Plans, Continued

The amounts recognized in the balance sheet consist of:

	Pension Benefits		Other Benefits	
In thousands	**1999**	1998	**1999**	1998
Prepaid benefit cost	**$4,728**	$ 0	**$ 0**	$ 0
Accrued benefit liability	**0**	(5,900)	**(2,147)**	(2,009)
Intangible asset	**0**	3,299	**0**	0
Accumulated other comprehensive income	**0**	1,150	**0**	0
Net amount recognized on balance sheet	**$4,728**	$(1,451)	**$(2,147)**	$(2,009)

Assumptions

	Pension Benefits		Other Benefits	
	1999	1998	**1999**	1998
Discount rate	**6.75%**	7.00%	**6.75%**	7.00%
Expected return on plan assets	**9.50%**	9.50%	**—**	—
Rate of compensation increase	**5.00%**	5.00%	**—**	—

The weighted average discount rate used to measure the benefit obligation for the pension plan decreased from 7.00% to 6.75% from Fiscal 1998 to Fiscal 1999. The decrease in the rate increased the accumulated benefit obligation by $2.5 million and increased the projected benefit obligation by $2.8 million. The weighted average discount rate used to measure the benefit obligation for the pension plan decreased from 7.50% to 7.00% from Fiscal 1997 to Fiscal 1998. The decrease in the rate increased the accumulated benefit obligation by $4.6 million and increased the projected benefit obligation by $5.4 million.

For measurement purposes, an 8.50% increase in the health care cost trend rate was used for Fiscal 1999. The trend rate is assumed to decrease gradually to 5.0% by Fiscal 2013. The effect on disclosure information of one percentage point change in the assumed health care cost trend rate for each future year is shown below.

In thousands	1% Decrease in Rates	1% Increase in Rates
Aggregated service and interest cost	$ (25)	$ 29
Accumulated postretirement benefit obligation	$(201)	$232

NOTE 14
Retirement and Other Benefit Plans, Continued
Pension Expense

	Pension Benefits			Other Benefits		
In thousands	**1999**	1998	1997	**1999**	1998	1997
Service cost	**$1,575**	$1,476	$1,490	**$ 84**	$ 79	$ 83
Interest cost	**6,460**	6,644	6,437	**180**	180	175
Expected return on plan assets	**(7,171)**	(6,591)	(5,904)	**0**	0	0
Amortization:						
Transition obligation	**825**	983	983	**0**	0	0
Prior service cost	**(123)**	(146)	(146)	**0**	0	0
Losses	**476**	690	1,257	**62**	62	0
Net amortization	**1,178**	1,527	2,094	**62**	62	0
Curtailment Loss	**0**	379	0	**0**	0	0
Net Periodic Benefit Cost	**$2,042**	$3,435	$4,117	**$326**	$321	$258

Section 401(k) Savings Plan

The Company has a Section 401(k) Savings Plan available to employees who have completed one full year of service and are age 21 or older.

Concurrent with the January 1, 1996 amendment to the pension plan (discussed previously), the Company amended the 401(k) savings plan to make matching contributions equal to 50% of each employee's contribution of up to 5% of salary. Matching funds vest after five years of service with the Company. Years of service earned prior to the adoption of this change contribute toward the vesting requirement. The contribution expense to the Company for the matching program was approximately $1.0 million, $1.0 million and $1.1 million for Fiscal 1999, 1998 and 1997, respectively.

NOTE 15
Earnings Per Share

(In thousands, except per share amounts)	For the Year Ended Jan. 30, 1999 Income (Numerator)	Shares (Denominator)	Per-Share Amount	For the Year Ended Jan. 31, 1998 Income (Numerator)	Shares (Denominator)	Per-Share Amount	For the Year Ended Feb. 1, 1997 Income (Numerator)	Shares (Denominator)	Per-Share Amount
Earnings before discontinued operations and extraordinary loss	**$54,923**			$8,820			$10,554		
Less: Preferred stock dividends	**(300)**			(300)			(301)		
Basic EPS									
Income available to common shareholders	**54,623**	**25,461**	**$2.15**	8,520	25,464	$.33	10,253	24,540	$.42
Effect of Dilutive Securities									
Options		**1,042**			1,393			1,098	
5 1/2% convertible subordinated notes	**3,124**	**3,969**		0	0		0	0	
Contingent Options[1]		**67**			67			0	
Employees' Preferred Stock[2]		**78**			80			80	
Diluted EPS									
Income available to common shareholders plus assumed conversions	**$57,747**	**30,617**	**$1.89**	$8,520	27,004	$.32	$10,253	25,718	$.40

[1] These options are contingent upon service to the Company and the Company's common stock trading at various prices. See Note 16 to the Consolidated Financial Statements under "Restricted Stock Options."

[2] The Company's Employees' Subordinated Convertible Preferred Stock is convertible one for one to the Company's common stock. Because there are no dividends paid on this stock, these shares are assumed to be converted.

The amount of the dividend on the convertible preferred stock per common share obtainable on conversion of the convertible preferred is higher than basic earnings per share for the period. Therefore, conversion of the convertible preferred stock is not reflected in diluted earnings per share, because it would have been antidilutive. The shares convertible to common stock for Series 1, 3 and 4 preferred stock would have been 30,816, 40,869 and 24,946, respectively.

Options to purchase 284,000 shares of common stock at $11.00 per share, 157,250 shares of common stock at $12.75 per share and 250,000 shares of common stock at $6.06 per share were outstanding at the end of Fiscal 1999 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

NOTE 15
Earnings Per Share, Continued

Options to purchase 194,500 shares of common stock at $12.75 per share and 51,954 shares of common stock at $12.38 per share were outstanding at the end of Fiscal 1998 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

Options to purchase 100,000 shares of common stock at $9 per share and 344,500 shares of common stock at $11 per share were outstanding at the end of Fiscal 1997 but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

The weighted shares outstanding reflects the effect of the stock buy back program of up to 4.8 million shares announced by the Company in August 1998 and January 1999. The Company repurchased 2.3 million shares as of January 30, 1999.

NOTE 16
Stock Option Plans

The Company's stock-based compensation plans, as of January 30, 1999, are described below. The Company applies APB Opinion 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized other than for its restricted stock options. The compensation cost that has been charged against income for its restricted plans was $1.1 million, $1.7 million and $1.0 million for Fiscal 1999, 1998 and 1997, respectively. The compensation cost that has been charged against shareholders' equity for its directors' restricted stock plan was $89,000, $100,000 and $35,000 for Fiscal 1999, 1998 and 1997, respectively. Had compensation cost for all of the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the methodology prescribed by FAS 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		Fiscal Years		
In thousands, except per share amounts		**1999**	1998	1997
Net Income	As reported	**$53,128**	$8,651	$10,404
	Pro forma	**$52,464**	$7,954	$10,394
Diluted EPS	As reported	**$ 1.83**	$ 0.31	$ 0.39
	Pro forma	**$ 1.81**	$ 0.28	$ 0.39
Basic EPS	As reported	**$ 2.07**	$ 0.33	$ 0.41
	Pro forma	**$ 2.05**	$ 0.30	$ 0.41

Fixed Stock Option Plans

The Company has three fixed option plans. Under the 1987 Stock Option Plan, the Company may grant options to its management personnel for up to 2.2 million shares of common stock. Under the 1996 Stock Incentive Plan, the Company may grant options to its officers and other key employees of and consultants to the Company for up to 2.3 million shares of common stock, which excludes 100,000 shares reserved for issuance to outside directors. Under both plans, the exercise price of each option equals the market price of the Company's stock on the date of grant and an option's maximum term is 10 years. Options granted under both plans vest 25% at the end of each year with the exception of shares granted February 20, 1995 which vest 20% at the end of each year.

NOTE 16
Stock Option Plans, Continued

With regard to the 100,000 shares reserved for issuance to outside directors, an automatic grant of restricted stock will be given to outside directors on the date of the annual meeting of shareholders at which an outside director is first elected and on the date of every third annual meeting of shareholders of the Company thereafter. The outside director restricted stock shall vest with respect to one-third of the shares each year. Once the shares have vested, the director is restricted from selling, transferring, pledging or assigning the shares for an additional two years. There were no shares issued in Fiscal 1999 and 9,522 shares and 1,993 shares of restricted stock were issued to directors for Fiscal 1998 and 1997, respectively. An outside director may elect irrevocably to receive all or a specified portion of his annual retainers for board membership and any committee chairmanship for the following fiscal year in a number of shares of restricted stock (the "Retainer Stock"). Shares of the Retainer Stock shall be granted as of the first business day of the fiscal year as to which the election is effective, subject to forfeiture to the extent not earned upon the Outside Director's ceasing to serve as a director or committee chairman during such fiscal year. Once the shares are earned, the director is restricted from selling, transferring, pledging or assigning the shares for an additional four years. There were 4,555 shares and 6,475 shares of Retainer Stock issued to directors for Fiscal 1999 and 1998, respectively.

Under the 1996 Stock Incentive Plan, shares of restricted stock may be issued either alone, in addition to or in tandem with other awards granted under the Plan and/or cash awards made outside the Plan. To encourage stock ownership by key management employees, the Company instituted a program allowing the chief executive officer, eight other executive officers and two high-level operating division employees to elect to receive part or all of their target awards under the Fiscal 1998 and Fiscal 1997 plans in the form of nonqualified stock options. The Fiscal 1998 options were granted February 25, 1997 and the Fiscal 1997 options were granted March 15, 1996. As of the grant date, the participants were permitted to elect to relinquish irrevocably all or a portion of the target award under the plan in exchange for a ten-year option to purchase shares of common stock at the closing price of the stock on the grant date. The option is to become exercisable one year from the date on which entitlement to the award under the plan for Fiscal 1998 and Fiscal 1997 is determined by the Company. Compensation cost charged against income for these options was $0.4 million for Fiscal 1998 and $0.9 million for Fiscal 1997.

The third fixed option plan is the executive stock option plan which granted 200,000 shares to the chief executive officer at the end of Fiscal 1996. The exercise price of these shares is equal to the market price of the Company's stock on the date of grant, the maximum term is 10 years and options for 100,000 shares vested after six months and an additional 100,000 shares vested after one year.

The weighted-average fair value of each option granted in the fixed stock option plans described above is estimated on the date of grant using the Black-Scholes option-pricing model -average assumptions used for grants in Fiscal 1999, 1998 and 1997, respectively: expected volatility of 62, 45 and 50 percent; risk-free interest rates of 5.0, 6.0 and 6.1 percent; and expected lives of seven, six and six years, respectively.

NOTE 16
Stock Option Plans, Continued

A summary of the status of the Company's fixed stock option plans as of January 30, 1999, January 31, 1998 and February 1, 1997 and changes during the years ended on those dates is presented below:

	1999		1998		1997	
Fixed Options	**Shares**	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	**2,528,655**	**$5.88**	2,616,171	$4.96	1,525,150	$3.35
Granted	**268,000**	**6.06**	377,370	11.40	1,346,883	6.48
Exercised	**(229,876)**	**4.21**	(457,848)	5.23	(186,712)	3.44
Forfeited	**(295,390)**	**8.29**	(7,038)	2.62	(69,150)	3.24
Outstanding at end of year	**2,271,389**	**5.76**	2,528,655	5.88	2,616,171	4.96
Options exercisable at year-end	**1,279,034**		944,176		970,571	
Weighted-average fair value of options granted during the year	**$4.02**		$6.48		$3.58	

The following table summarizes information about fixed stock options outstanding at January 30, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 1/30/99	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 1/30/99	Weighted-Average Exercise Price
$1.875 - 2.75	567,026	5.8 years	$ 2.27	297,026	$ 2.33
3.375 - 5.00	899,008	7.0	4.55	760,133	4.49
5.50 - 7.75	253,000	9.5	6.06	1,500	6.13
9.00 - 12.75	552,355	8.1	11.22	220,375	11.30
$1.875 - 12.75	2,271,389	7.4	6.11	1,279,034	5.17

NOTE 16
Stock Option Plans, Continued

Restricted Stock Options

On January 10, 1997, 200,000 shares of restricted stock were granted to the chairman of the board under the 1996 Stock Incentive Plan. The stock price at the date of grant was $9 per share. The restrictions lapsed for one third of the shares (66,667 shares) on January 31, 1998 and the second one third of the shares on January 31, 1999. The restrictions would lapse for the last one third of the shares on January 31, 2000 if (1) the chairman remains on the board of the Company and serves as chairman or in such other capacity as the board may request through that date and (2) the Company's common stock trades at or above $15.00 per share for 20 consecutive trading days during Fiscal 2000. Compensation cost charged against income for these options was $0.8 million, $1.3 million and $0.1 million in Fiscal 1999, 1998 and 1997, respectively.

As of the beginning of the first quarter of Fiscal 1999, a three year long term incentive plan was approved for the president - CEO which covers Fiscal 1999 through Fiscal 2001. The incentive plan provides a maximum of 300,000 performance shares of stock to be awarded based on cumulative revenue growth, cumulative earnings before income taxes to sales ratio and cumulative assets to sales ratio. Compensation cost charged against income for these options was $0.4 million in Fiscal 1999.

Employee Stock Purchase Plan

Under the Employee Stock Purchase Plan, the Company is authorized to issue up to 1.0 million shares of common stock to those full-time employees whose total annual base salary is less than $100,000. Under the terms of the Plan, employees can choose each year to have up to 15 percent of their annual base earnings withheld to purchase the Company's common stock. The purchase price of the stock is 85 percent of the closing market price of the stock on either the exercise date or the grant date, whichever is less. Approximately 20 percent of eligible employees participate in the Plan. Under the Plan, the Company sold 106,800 shares, 70,058 shares and 161,329 shares to employees in Fiscal 1999, 1998 and 1997, respectively. Compensation cost is recognized for the fair value of the employees' purchase rights, which was estimated using the Black-Scholes model with the following assumptions for Fiscal 1999, 1998 and 1997, respectively: an expected life of 1 year for all years; expected volatility of 82, 34 and 52 percent; and risk-free interest rates of 4.6, 5.6 and 5.7 percent. The weighted-average fair value of those purchase rights granted in Fiscal 1999, 1998 and 1997 was $2.47, $3.78 and $3.26, respectively.

Stock Purchase Plans

Stock purchase accounts arising out of sales to employees prior to 1972 under certain employee stock purchase plans amounted to $264,000 and $436,000 at January 30, 1999 and January 31, 1998, respectively, and were secured at January 30, 1999, by 13,657 employees' preferred shares. Payments on stock purchase accounts under the stock purchase plans have been indefinitely deferred. No further sales under these plans are contemplated.

NOTE 17
Legal Proceedings

New York State Environmental Proceedings

The Company is a defendant in a civil action filed by the State of New York against the City of Gloversville, New York, and 33 other private defendants. The action arose out of the alleged disposal of certain hazardous material directly or indirectly into a municipal landfill and seeks recovery under a federal environmental statute and certain common law theories for the costs of investigating and performing remedial actions and damage to natural resources. The environmental authorities have selected a plan of remediation for the site with a total estimated cost of approximately $12.0 million. The Company has filed an answer to the complaint denying liability and asserting numerous defenses. The Company, along with other defendants, and the State of New York are participating in non-binding mediation in an attempt to agree upon an allocation of the remediation costs. Because of uncertainties related to the ability or willingness of the other defendants to pay a portion of remediation costs, the availability of New York State funding to pay a portion of remediation costs and insurance coverage available to the various defendants, the applicability of joint and several liability and the basis for contribution claims among the defendants, management is unable to predict the outcome of the action. However, management does not presently expect the action to have a material effect on the Company's financial condition or results of operations.

The Company has received notice from the New York State Department of Environmental Conservation (the "Department") that it deems remedial action to be necessary with respect to certain contaminants in the vicinity of a knitting mill operated by a former subsidiary of the Company from 1965 to 1969, and that it considers the Company a potentially responsible party. In August 1997, the Department and the Company entered into a consent order whereby the Company assumed responsibility for conducting a remedial investigation and feasibility study ("RIFS") and implementing an interim remediation measure with regard to the site, without admitting liability or accepting responsibility for any future remediation of the site. In conjunction with the consent order, the Company entered into an agreement with the owner of the site providing for a release from liability for property damage and for necessary access to the site, for payments totaling $400,000. The Company estimates that the cost of conducting the RIFS and implementing the interim remedial measure will be in the range of $1.6 million to $2.0 million. The Company believes that it has adequately reserved for the costs of conducting the RIFS and implementing the interim remedial measure contemplated by the consent order, but there is no assurance that the consent order will ultimately resolve the matter. The Company has not ascertained what responsibility, if any, it has for any contamination in connection with the facility or what other parties may be liable in that connection and is unable to predict whether its liability, if any, beyond that voluntarily assumed by the consent order will have a material effect on its financial condition or results of operations.

NOTE 17
Legal Proceedings, Continued

Whitehall Environmental Sampling

The Michigan Department of Environmental Quality ("MDEQ") has performed sampling and analysis of soil, sediments, surface water, groundwater and waste management areas at the Company's Volunteer Leather Company facility in Whitehall, Michigan. In response to the testing data, the Company submitted and MDEQ approved a work plan, pursuant to which the Company performed a hydrogeological study and a series of studies regarding wastes on-site and groundwater. On the basis of these studies, the Company, with the approval of MDEQ, has installed horizontal wells to capture groundwater from a portion of the site, and will treat the groundwater either after its use in the manufacturing process or through an air sparge system and install monitoring wells. Associated operations and maintenance costs are expected to be in the range of $10,000 to $15,000 per year. Based on these estimates, the Company does not believe that soil and groundwater remediation at the site will have a material impact on its financial condition or results of operations. The proposed plan does not address lake sediments. Officials of MDEQ have been quoted in press reports as proposing a $3.5 million lake sediment cleanup with $2.5 million to be funded by responsible parties, which would presumably include but not be limited to the Company. Certain remedial alternatives could be more costly. The MDEQ has informally advised the Company that it intends to begin its own testing of lake sediments and may implement a remediation strategy which would involve dredging a portion of the lake. The Company is continuing to study the lake sediment issues, and at present is unable to predict whether and to what extent it may be required to participate in a remediation of sediments, or whether its participation, if any, will have a material effect on its financial condition or results of operations.

Other Legal Proceedings

On August 8, 1997, the trustee in bankruptcy of a Texas boot retailer filed an action in Texas state court against the Company and an unrelated boot wholesaler and retail chain alleging violations of a Texas antitrust statute and breach of contract by the Company. The trustee's allegations against the Company involve its decision not to consign additional boot inventories to the bankrupt retailer for its liquidation sale. The complaint seeks damages in an unspecified amount. The Company has filed an answer denying all material allegations in the complaint and does not presently expect the action to have a material effect on its financial condition or results of operations. The Company and the plaintiff have agreed, subject to bankruptcy court approval, to settle the action for a payment of $162,500 by the Company.

NOTE 18
Business Segment Information

The Company has four reportable segments: Specialty Retail Footwear comprised of Journeys, Jarman and General Shoe Warehouse; Branded Footwear comprised of Johnston & Murphy retail and wholesale, Dockers and Nautica; Leather and Western Boots which was divested in Fiscal 1999. All the Company's segments, except Leather, sell footwear products at either retail or wholesale. The Leather segment is comprised of Volunteer Leather, a leather tanning and finishing company which sells primarily to military boot manufacturers and other customers.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments are based on the way management organizes the segments in order to make operating decisions and assess performance along types of products sold. Specialty retail sells primarily branded products from other companies while branded footwear sells primarily the Company's owned and licensed brands.

Corporate assets include cash, deferred income taxes, prepaid pension cost and deferred note expense. The Company does not allocate certain costs to each segment in order to make decisions and assess performance. These costs include corporate overhead, restructuring gains, interest expense, interest income, and other non-recurring items. Other non-recurring items include severance, litigation and environmental charges.

Fiscal 1999	Specialty Retail Footwear	Branded Footwear	Leather	Western Boot	Corporate	Consolidated
Sales to external customers	**$299,462**	**$220,686**	**$21,433**	**$16,560**	**$0**	**$558,141**
Intercompany sales	**0**	**(5,857)**	**(2,536)**	**0**	**0**	**(8,393)**
Net sales	**299,462**	**214,829**	**18,897**	**16,560**	**0**	**549,748**
Operating Income (Loss)	**26,902**	**22,186**	**854**	**(1,309)**	**(11,007)**	**37,626**
Restructuring (gain)/charge	**0**	**0**	**0**	**0**	**(2,403)**	**(2,403)**
Interest expense	**0**	**0**	**0**	**0**	**9,250**	**9,250**
Interest income	**0**	**0**	**0**	**0**	**2,639**	**2,639**
Other non-recurring items	**0**	**0**	**0**	**0**	**(2,333)**	**(2,333)**
Earnings before income taxes, discontinued operations and extraordinary loss	**26,902**	**22,186**	**854**	**(1,309)**	**(17,548)**	**31,085**
Total assets	**93,292**	**88,798**	**8,759**	**0**	**116,349**	**307,198**
Depreciation	**4,736**	**2,661**	**556**	**336**	**1,402**	**9,691**
Capital expenditures	**13,396**	**4,444**	**157**	**0**	**5,515**	**23,512**

NOTE 18
Business Segment Information, Continued

Fiscal 1998	Specialty Retail Footwear	Branded Footwear	Leather	Western Boot	Corporate	Consolidated
Sales to external customers	$264,125	$189,192	$30,781	$59,371	$0	$543,469
Intercompany sales	0	(5,734)	(1,563)	(65)	0	(7,362)
Net sales	264,125	183,458	29,218	59,306	0	536,107
Operating Income (Loss)	29,790	19,311	1,511	(2,521)	(11,768)	36,323
Restructuring (gain)/charge	0	0	0	0	17,706	17,706
Interest expense	0	0	0	0	10,174	10,174
Interest income	0	0	0	0	1,312	1,312
Other non-recurring items	0	0	0	0	(895)	(895)
Earnings before income taxes, discontinued operations and extraordinary loss	29,790	19,311	1,511	(2,521)	(39,231)	8,860
Total assets	75,839	74,814	10,997	17,925	67,242	246,817
Depreciation	3,575	2,469	461	1,097	1,291	8,893
Capital expenditures	12,942	4,487	1,044	398	5,854	24,725

Fiscal 1997	Specialty Retail Footwear	Branded Footwear	Leather	Western Boot	Corporate	Consolidated
Sales to external customers	$205,209	$155,169	$36,014	$70,964	$0	$467,356
Intercompany sales	0	(4,128)	(1,231)	(649)	0	(6,008)
Net sales	205,209	151,041	34,783	70,315	0	461,348
Operating Income (Loss)	21,119	15,732	2,841	(2,945)	(9,337)	27,410
Restructuring (gain)/charge	0	0	0	0	1,693	1,693
Interest expense	0	0	0	0	10,289	10,289
Interest income	0	0	0	0	1,548	1,548
Other non-recurring items	0	0	0	0	(6,844)	(6,844)
Earnings before income taxes, discontinued operations and extraordinary loss	21,119	15,732	2,841	(2,945)	(26,615)	10,132
Total assets	52,204	60,225	11,665	35,049	62,511	221,654
Depreciation	3,026	1,745	361	1,339	1,276	7,747
Capital expenditures	7,351	4,704	892	798	886	14,631

NOTE 19
Quarterly Financial Information (Unaudited)

(In thousands, except per share amounts)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Fiscal Year	
	1999	1998	**1999**	1998	**1999**	1998	**1999**	1998	**1999**	1998
Net sales	**$133,808**	$114,185	**$132,049**	$120,024	**$129,764**	$147,046	**$154,127**	$154,852	**$549,748**	$536,107
Gross margin	**57,821**	47,872	**57,442**	49,128	**58,077**	60,659	**70,539**	65,250	**243,879**	222,909
Pretax earnings (loss)	**3,507**	2,199	**6,659**[1]	4,177[3]	**6,435**	9,577	**14,484**	(7,093)[7]	**31,085**	8,860
Earnings (loss) before discontinued operations and extta-ordinary loss	**3,788**	2,182	**6,625**	4,133	**6,273**	9,522	**38,237**[5]	(7,017)	**54,923**	8,820
Net earnings (loss)	**3,788**	2,182	**2,974**[2]	4,133	**6,273**	9,353[4]	**40,093**[6]	(7,017)	**53,128**	8,651
Diluted earnings (loss) per common share:										
Before discontinued operations and extraordinary loss	**.13**	.08	**.24**	.15	**.23**	.35	**1.30**	(.28)	**1.89**	.32
Net earnings (loss)	**.13**	.08	**.11**	.15	**.23**	.34	**1.36**	(.28)	**1.83**	.31

[1] *Includes a restructuring gain of $2.4 million (see Note 2).*

[2] *Includes a $3.7 million extraordinary loss for early retirement of debt (see Note 10).*

[3] *Includes a restructuring gain of $0.3 million (see Note 2).*

[4] *Includes a $169,000 extraordinary loss for early retirement of debt (see Note 10).*

[5] *Includes a tax benefit of $23.8 million (see Note 13).*

[6] *Includes a gain of $0.5 million, net of tax, from discontinued operations and a $1.4 million gain due to the tax effect of the extraordinary loss in the second quarter (see Notes 9 and 10).*

[7] *Includes a restructuring charge of $18.0 million (see Note 2).*

Board of Directors and Corporate Officers

BOARD OF DIRECTORS

David M. Chamberlain
Chairman –
Genesco Inc.
Vice Chairman -
L. Kee & Company
San Francisco, California
Chairman of the finance committee, member of the nominating committee

W. Lipscomb Davis, Jr.
Partner –
Hillsboro Enterprises
Nashville, Tennessee
Chairman of the nominating committee, member of the audit committee

Joel C. Gordon
Chairman –
Cardiology Partners of America
Nashville, Tennessee
Chairman of the audit committee, member of the compensation committee

Ben T. Harris
President and Chief Executive Officer –
Genesco Inc.
Member of the finance and nominating committees

Kathleen Mason
President –
The HomeGoods division
TJX Companies, Inc.
Framingham, Massachusetts
Member of the audit and finance committees

William A. Williamson, Jr.
Chairman –
Kowaliga Capital
Montgomery, Alabama
Chairman of the compensation committee, member of the finance committee

William S. Wire II
Retired Chairman –
Genesco Inc.
Nashville, Tennessee
Member of the nominating and finance committees

Gary M. Witkin
Director –
Nashville, Tennessee
Member of the compensation committee

CORPORATE OFFICERS

David M. Chamberlain
Chairman –
10 years with Genesco

Ben T. Harris
President and Chief Executive Officer –
32 years with Genesco

James S. Gulmi
Senior Vice President – Finance and Chief Financial Officer
27 years with Genesco

James W. Boscamp
Senior Vice President –
7 years with Genesco

Hal N. Pennington
Senior Vice President –
37 years with Genesco

John W. Clinard
Vice President – Human Resources
24 years with Genesco

Matthew N. Johnson
Treasurer –
6 years with Genesco

Roger G. Sisson
Secretary and General Counsel –
5 years with Genesco

Paul D. Williams
Chief Accounting Officer –
22 years with Genesco

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders will be held Wednesday, June 23, 1999, at 10:00 a.m. CDT, at the corporate headquartets in Genesco Park, Nashville, Tennessee.

CORPORATE HEADQUARTERS

Genesco Park
1415 Murfreesboro Road • P.O. Box 731
Nashville, TN 37202-0731

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
4400 Harding Road • Nashville, TN 37205

TRANSFER AGENT AND REGISTRAR

Communications concerning stock transfer, preferred stock dividends, consolidating accounts, change of address and lost or stolen stock certificates should be directed to the transfer agent. When corresponding with the transfer agent, shareholders should state the exact name(s) in which the stock is registered and certificate number, as well as old and new information about the account.

First Chicago Trust Company of New York
A division of Equiserve
Stock Transfer Department
P.O. Box 2500 • Jersey City, NJ 07303-2500
Telephone: (201) 324-0313
E-Mail: FCTC@em.fcnbd.com
Web site address: http:/www.equiserve.com
Telephone number for hearing impaired:
TDD: (201) 222-4955
Shareholder representatives are available:
Monday through Friday – 8:00 a.m. to 7:00 p.m.
Eastern Standard Time
Automated telephone service:
24 hours a day, 7 days a week.

INVESTOR RELATIONS

Security analysts, portfolio managers or other investment community tepresentatives should contact:

James S. Gulmi, Senior Vice President – Finance
and Chief Financial Officer
Genesco Park, Suite 490 • P.O. Box 731
Nashville, TN 37202-0731
(615) 367-8325

FORM 10-K

Each year Genesco files with the Securities and Exchange Commission a Form 10-K which contains more detailed information. Any shareholder who would like to receive, without charge, a single copy (without exhibits) or who would like to receive extra copies of any Genesco shareholder publication should send a request to:

Claire S. McCall
Director, Corporate Relations
Genesco Park, Suite 490 • P.O. Box 731
Nashville, TN 37202-0731
(615) 367-8283

COMMON STOCK LISTING

New York Stock Exchange, Chicago Stock Exchange
Symbol: GCO

SHAREHOLDER INFORMATION LINE

Genesco maintains a toll-free shareholder information line to provide shareholders with timely information about the Company. Shareholders can obtain the latest financial releases and news updates, as soon as they are available, by dialing 1-800-6400-GCO (1-800-640-0426) or by visiting our web site at www.genesco.com.

Shareholders may also request a copy of the Company's quarterly earnings release. The Company updates the list of quarterly information recipients annually and reminds shareholders to call each year at the number above if they wish to remain on the list.

SECURITIES INFORMATION

Common Stock, New York and Chicago Stock Exchanges

	Fiscal 1999		Fiscal 1998		Fiscal 1997	
	High	Low	High	Low	High	Low
Quarter ended April 30	18 7/8	12 1/2	12 1/4	8 5/8	6 3/4	3 3/4
Quarter ended July 31	18 1/16	10 7/16	15 5/16	11	8 1/8	5 5/8
Quarter ended October 31	10 15/16	3 15/16	15 7/16	11 1/8	10	6 5/8
Quarter ended January 31	7 3/4	4 3/4	13 7/8	11 1/8	11 1/8	8 3/8

Approximate number of common shareholders of record: 10,000

GENESCO

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